

Accrued payroll	224,530	198,271
Interest payable	230,510	8,341
Trade payables	170,335	167,127
Accrued professional service	275,743	142,591
Accrued sale tax and other taxes	470,408	568,020
Accrued contingencies	987,601	746,225
Other accrued liabilities	132,327	98,548
	2,491,454	1,929,123

#### NOTE H - LOANS PAYABLE

##### GNB BANK LOANS (FORMER RELATED PARTY)

Since February 2000, the Company has entered into a series of financings and re-financing with GNB Bank Panama S.A. ("GNB Bank").

In June 2001, the Company entered into two loans with GNB Bank in the principal amount of \$1.25 million and \$1.2 million, respectively, plus interest at Citibank N.A.'s prime plus 2% (6.25% as of March 31, 2003). Payments of the outstanding obligations were due on July 8, 2001. Additionally, GNB Bank loaned Phone1 an aggregate of \$3,050,000 for working capital, which obligations were assumed by the Company due to its acquisition of Phone1.

The loans to Phone1 were due on July 6, 2001 (as to \$2.75 million) and on July 8, 2001 (as to \$300,000). On June 29, 2001, the Company refinanced these outstanding obligations.

On July 31, 2001 Phone1, entered into a loan with GNB Bank in the principal amount of \$2.0 million, plus interest at Citibank N.A.'s base rate plus 2% (6.25% as of March 31, 2003). Payment of the outstanding obligations was due on September 17, 2001. The proceeds from the loan were used for working capital. On September 28, 2001, the Company refinanced the \$2.0 million loan, plus the accrued interest.

On October 31, 2001, Phone1 entered into a loan agreement with GNB Bank in the principal amount of \$10.0 million (the "\$10 Million Loan"), plus interest at the rate of 10% per annum. The \$10 Million Loan was evidenced by an unsecured convertible promissory note (the "\$10 Million Note") that was due October 30, 2002. The \$10 Million Loan was guaranteed by the Company.

The principal and interest of the \$10 Million Note was convertible, in whole or in part, either prior to or after the maturity date (if the loan and the note are not fully paid), as elected by GNB Bank into shares of Phone1 (representing between 7.5% to 12.5% on a fully-diluted basis, of the total issued and outstanding stock of Phone1) or shares of the Company at the rate of \$1.50 per share.

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#### Phone1Globalwide Inc. and Subsidiaries Notes to Consolidated Financial Statements

On March 27, 2002, the Company signed an Overdraft Facility (the "Overdraft Facility") with GNB Bank for \$2,000,000 with an interest rate of 12% per annum. The Overdraft Facility expired on March 27, 2003 and it was callable by GNB Bank. However, the facility was extended and on April 29, 2002, the Company increased its Overdraft Facility up to an aggregate amount of \$3,200,000. On May 30, 2002, the Company obtained an additional \$380,000, increasing the Overdraft Facility to an aggregate amount of \$3,580,000. Effective on June 20, 2002, the aggregate principal outstanding amount under the Overdraft Facility was increased to \$4,580,000. On July 8, 2002, the Company increased the Overdraft Facility up to an aggregate amount of \$6,000,000. Effective on July 16, 2002, the aggregate principal outstanding amount under this Overdraft Facility was increased to \$9,000,000. The \$9,231,438 outstanding balance of the Overdraft Facility, including accrued interest, was converted into a new note on September 30, 2002, as described below.

On September 30, 2002, GNB Bank exchanged the \$10 Million Note, converted the balance outstanding of \$9,231,438 under the Overdraft Facility which was callable on demand by GNB Bank and provided additional cash to Phone1 of \$768,562 (used for working capital purposes)

for a new \$20 million convertible note (the "\$20 Million Loan") due October 31, 2003 (subject to acceleration in certain conditions). The \$20 Million Loan was secured by a lien on all of the assets of Phone1, the Company and the Company's other primary subsidiary, GCC, and was guaranteed by the Company and GCC. The \$20 Million Loan contained representations and covenants by Phone1 and the Company that are usual and customary for a loan of this type, the inaccuracy or violation of which could lead to a default and acceleration of the Loan. The \$20 Million Loan bore interest at the prime rate plus 2% (6.25% as of March 31, 2003).

The principal and interest of the \$20 Million Loan was convertible, in whole or in part, prior to or after the maturity date (if the loan was not fully paid), as elected by GNB Bank, into shares of the common stock of the Company at the rate of \$.40 per share. The Company's shares of common stock closed at the price of \$.11 per share on September 26, 2002, the last day prior to the date of closing of the \$20 Million Loan on which a trade was reported. The conversion rate was subject to certain anti-dilution adjustments, including downward adjustment to the amount of any issuance of securities of the Company at a price less than \$.40 per share. In addition, the loan agreement relating to the \$20 Million Loan included an option for GNB Bank to loan an additional \$5 million on the same terms, including as to conversion into Common Stock (the "Optional \$5 Million Loan") as the \$20 Million Loan. The Optional \$5 Million Loan was exercised by GNB Bank on February 17, 2003, as described below.

On November 26, 2002, Phone1 entered into a Loan Agreement with GNB Bank for a loan in the amount of \$5 million (the "\$5 Million Loan"). The \$5 Million Loan was on terms substantially identical to the \$20 Million Loan, except that the maturity of the \$5 Million Loan was October 31, 2003 (subject to acceleration in certain conditions). Like the \$20 Million Loan, the \$5 Million Loan was secured by a lien on all of the assets of Phone1, the Company and Globaltron, and was guaranteed by the Company and Globaltron. The \$5 Million Loan borne interest at the prime rate plus 2% (6.25% as of March 31, 2003). Principal and interest of the \$5 Million Loan was convertible, in whole or in part, prior to or after the maturity date (if the loan was not fully paid), as elected by GNB Bank, into shares of the common stock of the Company at a conversion price of \$.40 per share. The closing price for shares of the Company's common stock on the date of the \$5 Million Loan was \$.40 per share. The conversion price was subject to certain anti-dilution adjustments, including downward adjustment to the amount of any issuance of securities of the Company at a price less than \$.40 per share. The \$5 Million Loan was in addition to the Optional \$5 Million Loan.

On December 20, 2002, GNB Bank exercised (effective as of the close of business on that date), in part, its option and converted \$10 million principal amount of the \$20 Million Loan at a price of \$.40 per share. Consequently, the Company issued 25,000,000 shares of its common stock to GNB Bank. In connection with the conversion, the Company issued a new \$10 million note (the "New \$10 Million Note") to GNB Bank, on the same terms as the converted note, to replace the \$20 million note previously evidencing the \$20 Million Loan.

On February 17, 2003, GNB Bank exercised the Optional \$5 Million Loan and extended a loan to Phone1 in the amount of \$5 million (the "Additional \$5 Million Loan"). The Additional \$5 Million Loan was on terms substantially identical to the \$20 Million Loan and the \$5 Million Loan, except that the maturity of the Additional \$5 Million Loan was March 17, 2004 (subject to acceleration in certain conditions, including in the event that neither the Company, Phone1 nor GCC obtains a \$5 million loan from a third party for a period of 12 months on or prior to September 30, 2003). Like the \$20 Million Loan and the \$5 Million Loan, the Additional \$5 Million Loan was secured by a lien on all of the assets of Phone1, the Company and GCC and was guaranteed by the Company and GCC. The Additional \$5 Million Loan borne interest at the prime rate plus 2% (6.25% as of March 31, 2003). Like the \$20 Million Loan and the \$5 Million Loan, the principal and interest of the Additional \$5 Million Loan was convertible, in whole or in part, prior to or after the maturity date (if the loan was not fully paid), as elected by GNB Bank, into shares of the common stock of the Company at the rate of \$.40 per share. The conversion rate was subject to certain anti-dilution adjustments, including downward adjustment to the amount of any issuance of securities of the Company at a price less than \$.40 per share. On February 17, 2003, the fair market value of the Common Stock of the Company was higher than the conversion price, resulting in a beneficial conversion feature and a discount of \$2,875,000. For the year ended March 31, 2003, the Company recorded \$1,693,439 as an interest expense, and the remaining balance of \$1,181,531 has been recorded as an interest expense during the year ended March 31, 2004.

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**Phone1Globalwide Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**

The Company has agreed to cause the registration of the shares of common stock issued upon conversion of the New \$10 Million Note, the \$5 Million Loan and the Additional \$5 Million Loan (collectively, the "Notes") under applicable securities laws so as to facilitate any potential resale by GNB Bank of such common stock. GNB Bank has extended the time by which the Company is required to file such registration statement until November 30, 2003.

On September 30, 2003, Hispanic Telecommunications Holding, S.A., a Luxembourg company, ("HTH") purchased from GNB Bank the Notes. On the same date, HTH converted the notes, in accordance with their terms, into 50,000,000 million shares of common stock of the

Company.

On September 30, 2003, HTH subscribed to, and purchased from the Company 11,061,947 restricted shares of its common stock for \$1.13 per share or \$12,500,000. Such subscription was accepted by the Company and such shares were issued to HTH as of September 30, 2003. The funds were used to pay in full the principal and interest under an overdraft facility issued by GNB bank and the balance was used as working capital of the Company and for the development and roll out of Phone1 services.

Following the above described transactions, GNB Bank no longer owned any shares of the Company. HTH became the major shareholder of the Company. HTH currently owns 99,414,661 shares of the common stock of the Company, representing approximately 70% of the Company's outstanding common stock. Prior to the transaction described below GNB Bank ceased to be a related party.

On December 26, 2003, the Company signed an Overdraft Facility ("the Overdraft Facility") with GNB Bank for \$3,000,000 with an interest rate of 12% per annum. The Overdraft Facility originally would have expired on December 27, 2004. On March 31, 2004, Phone1, Inc. entered into an agreement with GNB Bank to settle the outstanding overdraft facility in the amount of \$4,546,977. GNB bank released Phone1 and its affiliates from the obligation to pay the outstanding balance of the overdraft facility in consideration for the sum of \$113,602. As a result, the Company recorded a \$4,433,375 adjustment to additional paid in capital to reflect the capital characteristic of this transaction due to the previous relationship with GNB Bank.

#### NOTE I – LOANS FROM FINANCIAL INSTITUTIONS

On March 29, 2002, the Company entered into a loan agreement with a financial institution in the principal amount of \$1 million. The loan was funded April 1, 2002. The interest rate charged on the loan agreement was based on the prime rate (4.25% as of March 31, 2003) plus 1%. The loan was evidenced by a promissory note. The loan was payable on demand and it was paid through refinancing on April 29, 2002.

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#### **Phone1Globalwide Inc. and Subsidiaries Notes to Consolidated Financial Statements**

A director of the Company is also a director of the financial institution.

On April 29, 2002, the Company entered into a loan agreement with a financial institution in the principal amount of \$1 million. The interest rate charged on the borrowings under the loan agreement was the prime rate plus 1%. The loan was payable on demand and the outstanding balance under the loan agreement was refinanced on May 31, 2002.

On May 30, 2002, the Company signed a new loan agreement with a financial institution in the principal amount of \$1 million. Interest rate charged on the borrowing under the loan agreement is 5.75%. The loan was refinanced on August 20, 2002.

On October 9, 2002, Phone1 borrowed \$1.5 million from a financial institution. The loan bears interest at the rate of 5.75% per annum and is payable on demand. The loan proceeds are being used for general working capital purposes. As of March 31, 2003, the loan had a zero balance. Subsequent to March 31, 2003, the Company borrowed \$1.5 million under the loan agreement.

On March 31, 2004 there were no loans outstanding.

#### NOTE J - INCOME TAXES

The Company has no current income tax expense because of a tax net operating loss for the years ending March 31, 2004 and 2003. The Company has not recorded a deferred tax expense because of a valuation allowance, which completely provides for the deferred tax assets. The

valuation allowance is recorded to reduce the total deferred tax assets to an amount that will more likely than not be realized.

The following table summarizes the differences between the Company's effective tax rate and the statutory federal rate as follows:

	2004	2003	
Standard federal rate	(34.0)	%(34.0)	%
Increase (decrease) in tax resulting from: Nondeductible items	12.4	%16.8	%
State taxes, net of federal tax benefit	(6.0)	%(3.0)	%
Valuation allowance	27.6	%20.2	%
Effective Tax Rate	—	%—	%

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**Phone1 Globalwide Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**

Deferred tax assets are comprised of the following at March 31:

	2004	2003
Deferred tax assets:		
Write-down of investments	\$ 140,000	\$ 129,500
Reserve on deposits	20,000	112,046
Stock compensation	94,726	255,102
Allowance for doubtful accounts	117,520	87,414
Other accruals and reserves	243,982	33,278
Net operating loss carry forwards	22,731,848	15,498,132
Total deferred tax assets	23,348,076	16,115,472
Less valuation allowance	(22,882,267)	(15,959,185)
Net deferred tax asset	\$ 465,809	\$ 156,287
Deferred tax liabilities:		
Depreciation	465,809	156,287
Total deferred tax liabilities	\$ 465,809	\$ 156,287
Deferred tax assets, net	\$ —	\$ —

During the year ended March 31, 2004, the Company's valuation allowance increased by \$6,923,082

At March 31, 2004, the Company had net operating loss carry forwards for federal tax purposes of approximately \$57,206,000 that will begin to expire in 2021. Utilization of net operating losses will be limited if an ownership change has occurred within the meaning of Internal Revenue Code Section 382.

**NOTE K - LEASE COMMITMENTS**

Future minimum payments, by year and in the aggregate, under an operating lease for office space and an equipment lease with a remaining term in excess of one year as of March 31, 2004, is as follows:

Year	
2005	\$ 609,861
2006	567,421
2007	410,391
2008	426,794
2009	443,867
Thereafter	264,897
Total minimum lease payments	\$ 2,723,231

Rent expense was \$700,926 and \$749,894 for the years ended March 31, 2004 and 2003, respectively.

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**Phone1Globalwide Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**NOTE L – SETTLEMENT OF SERVICE AGREEMENTS AND CLAIMS**

On June 28, 2001, Phone1 entered into a billing software license agreement with a vendor. Under the agreement, the vendor granted Phone1 a non-exclusive, non-transferable license to use its software. The licensing and maintenance fees under the license agreement were to be paid at a rate of \$21,000 per month for a period of 36 months. The fees to be paid by Phone1 under the license agreement were also subject to escalation if Phone1 reached certain revenue milestones (which milestones were not met prior to the termination of the agreement). Phone1 is not currently using the billing software due to certain disputes. The vendor filed a claim on April 1, 2002 against Phone1 for approximately \$700,000 for a breach of a software license agreement. Phone1 has filed a counterclaim against the vendor seeking damages for the breach of software license agreement, breach of express warranty, breach of an implied warranty of fitness for a particular purpose, money had and received and unjust enrichment. Phone1 is seeking damages in excess of \$1,000,000. The vendor has amended its complaint to add Globaltron Communications Corporation as a defendant, and to add additional claims against Phone1. Phone1 and GCC answered the amended complaint, denied the allegations and asserted affirmative defenses. Phone1 and GCC recently amended their counterclaims to add claims (a) to reform the license agreement to conform to the parties' understanding regarding GCC's use of the software and (b) for declaratory judgment regarding the same issue. The vendor answered the amended complaint, denied the allegations and asserted affirmative defenses.

Effective August 5, 2003, the Company entered into an agreement to settle the lawsuit with the vendor. Under the settlement agreement, the Company agreed to pay the vendor \$365,000, of which, \$250,000 was paid on August 19, 2003, \$57,500 was paid on October 27, 2003 and the balance of \$57,500 was paid on February 3, 2004, together with interest at the rate of 10% per annum commencing on August 5, 2003. As a result of this settlement, the Company recorded a \$143,000 charge in the year ended March 31, 2004.

Spitfire Merchants, Ltd. v. Globaltron Corporation f/k/a Win-Gate Equity Group, Inc. n/k/a Phone1 Globalwide Inc. was filed on June 5, 2001 in the Eleventh Judicial Circuit Court in and for Miami-Dade County, Florida. The lawsuit seeks damages for alleged breach of contract in connection with the purchase of shares in the Company. Spitfire alleges that it was not given the correct amount of shares and that some of the shares it received were restricted, allegedly in violation of Spitfire's subscription agreement with the Company. Spitfire has sought damages in excess of \$1,000,000, which is disputed by the Company. In its answer, the Company asserted the affirmative defenses of failure to mitigate damages and failure of consideration. The case was settled, resulting in a voluntary dismissal filed on March 25, 2004. Under the settlement agreement, the Company agreed to pay Spitfire \$60,000. As a result of the settlement the Company recorded a \$60,000 charge in the year ended March 31, 2004.

Eric Frizza filed suit against Phone1, Inc., Dario Echeverry, et al. on March 14, 2002, in the Eleventh Judicial Circuit in and for Miami-Dade

County, Florida seeking declaratory relief and damages for breach of contract in connection with his alleged 1.5% equity interest in Phone1. Both Phone1 and Echeverry filed answers denying that Frizza was entitled to any relief, other than payment he has already been paid for various services he performed for Phone1. Initial requests for production propounded to Echeverry have been answered. Thereafter, an order was entered requiring Frizza to show because why the case should not be dismissed for failure to prosecute the claims. On May 16, 2003, this action was dismissed.

In July 2002, Fire Sign, Inc. sought an injunction in the Southern District of Florida against Phone1, Inc., asserting claims of copyright infringement as to certain designs Fire Sign alleged that it created for Phone1. Phone1 moved to stay the case pending arbitration of Fire Sign's claims, basing its argument for arbitration on the language contained in the agreements between the parties. The court granted Phone1's motion to stay and Fire Sign filed a demand for arbitration with the American Arbitration Association. Phone1 answered the demand to arbitrate, denied the allegations and asserted affirmative defenses. Fire Sign quantified its damages at \$805,995, exclusive of attorneys' fees and costs. As of September 30, 2003, the Company entered into an agreement to settle the lawsuit with Fire Sign. Under the settlement agreement, the Company agreed to pay Fire Sign \$100,000 and issue, to the principal of Fire Sign 17,857 restricted shares of common stock of the Company. As a result of this settlement, the Company recorded a \$125,000 charge in year ended March 31, 2004.

On December 9, 2003, the Company settled with the law offices of Richard L Ruben, Esq ('Ruben'), for legal services provided to the Company in an agreement dated July 20, 2000. Whereas, the Company and Ruben agreed to resolve any claims arising directly or indirectly in consideration for \$15,000. The amount was paid as of March 31, 2004 and is recorded in general and administrative expenses in the consolidated financial statements of the year ended March 31, 2004. In addition, the Company issued 45,000 shares of the Company's common stock for legal services to defend the Company against a lawsuit filed by Spitfire Merchants, Ltd. The lawsuit was settled on March 8, 2004 and the shares were issued at the market price on that date and is included in the general and administrative expenses for the year ended March 31, 2004.

Phone1Globalwide, Inc. v. Chalom Arik Meimoun and Next Telecommunication, Inc. a/k/a Next Communication, Inc.: On March 15, 2004, the Company filed suit against Meimoun and Next in the Eleventh Judicial Circuit in and for Miami-Dade County, Florida, seeking damages for breaches of two loan agreements and related promissory notes and indemnification agreements, fraud in the inducement regarding those same documents, and unjust enrichment. Contemporaneous with filing its complaint, the Company also sought prejudgment writs of garnishment of certain funds held by two different banks for Meimoun and Next. The Company sought damages in excess of \$1,000,000, which sum is comprised of (1) a refund of loans made to Meimoun and Next; (2) accrued interest, and (3) legal fees and costs. Before Meimoun and Next answered the Company's complaint, the parties amicably settled the matter on or about April 21, 2004 for the receipt of \$960,000 and approximately \$155,000 for services received by the Company from Next. As of March 31, 2004, the Company had a notes receivable balance of approximately \$648,000. (Note P)

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**Phone1Globalwide Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**NOTE M - COMMITMENTS AND CONTINGENCIES**

On November 21, 2000, the Company terminated certain agreements with a telecommunication company. As consideration for the termination, the Company paid \$50,000 in cash and transferred 400,000 shares of its common stock to the telecommunications company. The Company agreed to issue an additional 50,000 shares of its common stock if the price of the Company's common stock does not have an average closing price of \$7.00 per share or more for 20 consecutive trading days through November 20, 2001. The cost for settlement of service agreement amounted to \$1,350,000. The shares were valued at their fair market value on of the date of the agreement. The Company did not issue the 50,000 shares of its common stock due to a dispute between the parties. During the Fiscal Year 2004, we reached a settlement with the vendor. Under the agreement we removed the restriction on 400,000 shares issued to the vendor under the settlement agreement dated November 21, 2000. As consideration, the vendor transferred certain used equipment to us and released us from any obligations.

On April 4, 2002, the Company terminated a telecommunications service agreement with a vendor, pursuant to which the vendor agreed to release the Company of all claims for the outstanding balance owed to the vendor and the execution of a new co-location agreement with the vendor. The Company did not incur any penalties as a result of the early termination. The Company entered into a new agreement with the vendor for equipment racks to house the Company's equipment. Under the new agreement, the Company is required to pay for services totaling \$768,000 at a rate of \$19,200 per month, through August 9, 2005.

On June 28, 2002 the Company reached an agreement with a vendor to terminate all agreements and release the Company of all claims for the

outstanding balance owed to the vendor. Under the settlement the Company paid \$150,000 at the signing of the agreement and the vendor retained the deposit of approximately \$46,000. In addition, the Company paid \$10,000 a month for 18 months commencing in December of 2002. The Company made its last payment in the month of May 2004.

On October 15, 2002, Phone1 entered into an agreement with Via One Technologies, Inc. ("Via One"), an unaffiliated New York-based manufacturer and distributor of prepaid phone cards and telephone calling cards. Under the agreement, the parties intend to jointly develop a Phone1-branded international calling card service. During the five year term of the agreement, Via One is appointed as Phone1's worldwide, exclusive (if it meets specified minimum quarterly gross sales during 2003) distributor of the Phone1 calling card service. Following payment of costs of sales, gross margins will be distributed to the parties on a 50/50 basis. Following termination of the agreement for any reason, Via One will continue to receive a residual fee equal to 2% on the face value of all Phone1 calling card revenues. The parties agreed to pay 1-1/2% of gross margins to an unaffiliated third party who assisted in developing and structuring the relationship between Phone1 and Via One. On February 20, 2003, the agreement was terminated by mutual consent of the parties and the parties agreed to enter into negotiations for a new relationship between them. To date, no further understandings have been reached.

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### **Phone1Globalwide Inc. and Subsidiaries Notes to Consolidated Financial Statements**

In November 2002, Phone1 entered into a settlement agreement with a party to a service agreement with the Company, and certain of his affiliated companies. As consideration for the exchange of mutual general releases, \$50,000 was paid to the party and the Company issued 50,000 shares of unregistered common stock to him. The shares were valued at their fair market value as of the date of the settlement agreement.

During the year ended March 31, 2003, the Company executed employment agreements with Dario Echeverry as Chief Executive Officer, Syed Naqvi as Chief Financial Officer, Dilowe Barker as Chief Operating Officer and Federico Fuentes as Chief Technical Officer. The expiration dates of the agreements are March 31, 2005 as to Messrs. Echeverry and Naqvi, December 31, 2005 as to Mr. Barker and December 31, 2004 as to Mr. Fuentes. The agreement with Mr. Echeverry provides for an annual base salary of \$250,000, while the agreements with Messrs. Naqvi, Barker and Fuentes provide for annual base salaries of \$220,000 each. The employment agreements also provide that in the event of the Company's material breach or termination of the executive's employment during the term of the agreement, without cause, in the event of a change of control (as defined in the agreements) or by the executive, with good cause (as defined in the agreements), the executive shall be entitled to receive as severance pay a lump sum of up to two year's salary. The executives are entitled to bonuses, to the extent determined by the Board of Directors, and to participate in the Company's stock option and other compensatory and benefit plans established for the benefit of employees. The executives have also assigned to the Company all of their rights to inventions created by them during the course of their employment, and the agreements contain one-year restrictive covenants following termination of the agreement, restricting them from competing against the Company or soliciting our employees.

On April 21, 2003, GCC filed suit in Miami-Dade County Circuit Court (Case No. 03-9655 CA 09) against NWT Partners, Ltd., seeking a determination that GCC has been constructively evicted from its offices on the 25th floor of 100 N. Biscayne Blvd., Miami, Florida, as a result of environmental issues and unacceptable air quality. GCC also seeks damages for breach of lease and a declaratory judgment that, as a result of the constructive eviction, the lease for such space is terminated. Suit was filed following repeated complaints by GCC of air quality problems and the failure of the landlord to take corrective action. The suit is supported by an independent evaluation performed by GCC's environmental experts, concluding, among other things, that a lack of adequate ventilation in the premises has caused the poor air quality. GCC has withheld payment of rent in accordance with Florida Statute Section 83.201, however rent has been paid into the court pursuant to an order of the judge. The landlord has denied GCC's claims and has brought a separate action in Miami-Dade County Court (Case No. 03-7563-CC-01) seeking to evict GCC from the premises and damages for GCC's alleged breach of lease resulting from its failure to pay rent. The landlord is also seeking future rent payments over the balance of the lease term. The landlord's case has been transferred to the court hearing GCC's constructive eviction claim, and the two cases have now been consolidated. Discovery requests have been posted by GCC, but have not as yet been responded to. At this stage of the proceedings, no outcome can be determined. Discussions have commenced to resolve this dispute.

Captivad Media Corp. v. Motion Display Systems, Inc. and Phone1, Inc. was filed in the Fifteenth Judicial Circuit in and for Palm Beach County, Florida. In that complaint, Captivad sought damages for breach of contract regarding advertising done in the Sawgrass Mills Mall. There was an indemnification agreement between Motion Display Systems and Phone1, whereby Motion Display Systems agreed to defend Phone1 in this action and indemnify Phone1 against any judgments for Captivad or any other settlements. Motion Display Systems has affirmed its obligations under that agreement, agreeing to defend and indemnify Phone1.

During the quarter ended September 30, 2003 the Company recorded a \$1,269,000 liability for estimated withholding taxes and interest owed to the Internal Revenue Services related to interest payments made by the Company to GNB Bank. The interest payments were made by the Company to GNB Bank between March 2000 and September 30, 2003. The withholding taxes are payable to the IRS at the rate of 30%. In connection with the matter, GNB voluntarily agreed to pay the Company for the withholding taxes. On March 30, 2004, the Company received \$1,093,604 from GNB Bank for the withholding taxes. The Company's filed the necessary tax forms with the IRS and paid the withholding liability in full on March 31, 2004.

On April 15, 2002 Phone1, Inc. entered into an agreement with APC Development Corp. & H. Weaver Jordan ("third parties") for consulting and engineering services. Under the agreement they were responsible for providing engineering services for network interface testing and system evaluations, prototype design and testing services for products and for the design and translation between LECs and IXC's systems that operate Coin Operated System and Regulated Payphones Systems. The third parties filed a claim against Phone1 on March 18, 2004, claiming that Phone1 breached the payment terms on the consulting and engineering services agreement, which in effect is a claim for non-payment of invoices. Additionally, they claim that because of the lack of payments and monies owed by Phone1, they are no longer responsible to living up to the terms and conditions of the contract; including whether they need to abide by the terms of the agreement as they relate to the technology developed under the consulting and engineering services agreement. On April 19, 2004, Phone1 filed an affirmative defense and a counter-claim against the third parties. Phone1's counter-claim alleges that the third parties breached the consulting and engineering services agreement by not providing services that were paid by Phone1. Additionally, the third parties failed to deliver to Phone1 any schematics, drawings, equipment that was developed and/or prototype equipment that was developed as outlined in the consulting agreement. Currently Phone1 is conducting discovery by requesting production of documents and responding to interrogatories.

The Company is involved in various lawsuits, either as plaintiff or defendant, and is the subject of various claims, in the ordinary course of business. In the opinion of management, the outcome of these lawsuits and claims will not have a material impact on the Company's consolidated financial statements. The Company expenses legal costs relating to these lawsuits as the costs are incurred.

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#### **Phone1Globalwide Inc. and Subsidiaries** **Notes to Consolidated Financial Statements**

### **NOTE 1 - EQUITY TRANSACTIONS**

#### **Preferred Stock**

A total of 10,000,000 shares of the Company's Preferred Stock have been designated as "Series A 8% Convertible Preferred Stock" (the "Series A Preferred"). The Series A Preferred is entitled to receive dividends at the rate of 8% per annum only if declared by the Board of Directors. Upon any liquidation or dissolution of the Company (including certain deemed liquidations) the holders of the Series A Preferred are entitled to receive an amount equal to the amount paid for such stock plus any accrued but unpaid dividends before any amounts are distributed to the holders of any junior stock (including the Company's common stock). Holders of the Series A Preferred are entitled to one vote per share and, except in certain limited circumstances, vote together with the holders of the Company's common stock. Certain actions may not be undertaken without the separate vote of the holders of at least 70% of the then outstanding Series A Preferred, including without limitation (i) the issuance of any security senior or on parity to the Series A Preferred, (ii) any merger or consolidation of the Company or any sale of all or substantially all of its assets, (iii) the Company entering into material joint venture or similar arrangement, other than in the ordinary course of business, and (iv) making any changes to the Company's stock option plan and any grants there under. Shares of the Series A Preferred are convertible into shares on common stock initially on a one for one basis. The conversion rate is subject to adjustment upon the occurrence of certain dilutive stock issuances and in the event of stock splits, reclassifications and the like. As of March 31, 2004, and March 31, 2003 the Company had accumulated \$0 and \$1,960,000, respectively, as preferred dividend. However, no dividend has been declared by the board.

#### **CONVERSION OF PREFERRED STOCK**

The initial conversion price of the shares of Series A Preferred Stock was \$1.00 per share. The conversion price of the \$20 Million Loan, the \$5 Million Loan and the Additional \$5 Million Loan triggered certain anti-dilution provisions applicable to the Company's 9,000,000 issued and outstanding shares of Series A Preferred Stock. The Company's Series A Preferred Stock include weighted average anti-dilution provisions which result in a lowering of the conversion price of the shares of such Preferred Stock into the Company's common stock anytime shares of common stock are issued (or options or other securities exercisable or convertible into common stock) for a price per share less than that paid for the Series A Preferred Stock. After application of these anti-dilution provisions, the 9,000,000 shares were convertible at approximately \$.645 per share.



On June 12, 2003, GNB Bank converted all of the 7.0 million shares of Series A Preferred Stock owned by it into 10,852,714 shares of common stock at the adjusted conversion price of \$.645 per share. On the same day, Premium Quality Fund converted all of the 2.0 million shares of Series A Preferred Stock owned by it into 3,100,775 shares of common stock at the adjusted conversion price of \$.645 per share.

CONVERSION OF LOANS PAYABLE TO COMMON STOCK

On September 30, 2003, Hispanic Telecommunications Holding, S.A., a Luxembourg company, ("HTH") purchased from GNB Bank (Panama) S.A. ("GNB") \$20 million of face amount convertible promissory notes issued by the Company on September 30, 2002, November 26, 2002 and February 17, 2003. On the same date, HTH converted the notes, in accordance with their terms, into 50,000,000 million shares of common stock of the Company.

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Phone1Globalwide Inc. and Subsidiaries  
Notes to Consolidated Financial Statements

Stock Options

The Company has adopted a stock option plan (the Plan) for employees, consultants and directors of the Company. Stock options granted pursuant to the Plan shall be authorized by the Board of Directors. The aggregate number of shares, which may be issued under the Plan, shall not exceed 4,000,000 shares of common stock. Stock options are granted at prices not less than 100% of the fair market value on the date of the grant. All options granted, for the periods presented, have been at fair market value except for one employee. Option terms, vesting, and exercise periods vary, except that the term of an option may not exceed ten years.

On April 16, 2002, the Company granted 240,000 options to an executive. The strike price of the options was the closing price at April 16, 2002. The options were fully vested at the grant date.

The Company granted 1,310,000 options to three directors, four executives and two employees. The exercise price of the options was the closing price as of May 30, 2003. The options are fully vested.

In April 2002, the Board of Directors amended and restated its Stock Incentive Plan to increase the number of shares of common stock that may be subject to stock options granted to non-employee directors upon their beginning service as a director from 50,000 shares to 150,000 shares and to authorize the grant of stock options to purchase up to a maximum of 75,000 shares in any calendar year. Stock option grants made in connection with a non-employee director's beginning service shall be 50% vested and exercisable on the date of grant and the remainder of the stock option will vest and become exercisable on the first anniversary of the date of grant. Stock option grants made in calendar years other than the calendar year in which a non-employee director begins service shall vest and become exercisable as determined by the Board of Directors. The Board of Directors also amended the Stock Incentive Plan to provide for a "cashless exercise" procedure with respect to all stock options granted under the Stock Incentive Plan if the Common Stock is quoted on the Over The Counter Bulletin Board

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Phone1Globalwide Inc. and Subsidiaries  
Notes to Consolidated Financial Statements

Information with respect to stock option activity is as follows:

2004		2003	
Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price

Outstanding at beginning of year	1,674,000	\$ 1.74	1,916,000	\$ 2.58
Granted	1,310,000	\$ 1.23	240,000	\$ 1.10
Exercised	—	—	—	—
Forfeited	(75,000)	) \$ 2.68	(482,000)	) \$ 4.77
Outstanding at end of year	2,909,000	1.49	1,674,000	\$ 1.74
Options exercisable at end of year	2,909,000		1,374,750	
Weighted-average fair value of options granted during the year		\$ 1.23		\$ 1.10

The following information applies to options outstanding at March 31, 2004.

Range of Exercise Prices	Shares	Options Outstanding		Shares	Options Exercisable	
		Weighted Average Remaining Contractual Life	Weighted Average Exercise Price		Weighted Average Exercise Price	
\$ .95 - \$2.25	2,700,000	8.17	\$ 1.36	2,700,000		\$ 1.36
\$2.50 - \$3.12	209,000	6.11	\$ 3.10	209,000		\$ 3.10

The fair value of each option grant is estimated on the date of grant using the binomial option-pricing model with the following weighted-average assumptions used for grants in 2004 and 2003, respectively: expected volatility of 272 % for 2004 and 332% for 2003; risk-free interest rates of 4.78% in 2004 and 4.87% in 2003; and expected holding periods is 3 years in 2003 and 3 years in 2004.

#### NOTE O - RELATED PARTY TRANSACTIONS

Since June 2001, the Company has purchased branded handsets and certain equipment from TU, LLC a privately-held company based in Ohio. In June 2001, an employee of TU began providing consulting services to Phone1. Thereafter, the consultant became a full-time employee of Phone1 and, now serves as an executive officer of Phone1. The spouse of the executive officer is a vice-president of TU and owns less than 5% of the outstanding equity in TU. For each of the years ended March 31, 2004 and 2003, the Company paid \$1,256,700 and \$1,160,000, respectively, for product purchased from TU.

On July 15, 2002, the Company entered into an agreement with EMIDA Technologies, Inc. for \$ 775,000. Under the agreement EMIDA will provide services to coordinate the integration of the new CDR export application software, data warehouse system telecommunication mapping software and EMIDA's Telco Operating Support Portal to the Company. The Chairman of the Board of the Company is a former director and executive vice president of EMIDA. For each of the years ended March 31, 2004 and 2003, the Company paid EMIDA \$393,800 and \$290,700, respectively, under the agreement. The amount due to EMIDA was \$ 90,700 and \$484,500 as of March 31, 2004 and March 31, 2003 respectively. The value of the software which is equal to \$775,200 is classified as other assets on the balance sheet and will be reclassified to fixed assets and depreciated upon completion of the project.

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#### Phone1Globalwide Inc. and Subsidiaries Notes to Consolidated Financial Statements

For the year ended March 31, 2004 and 2003, the Company paid LF Marketing approximately \$263,000 and \$318,000, respectively for services rendered in connection with the Company's street marketing campaign. As independent contractors, LF Marketing was responsible for the payment of costs and expenses associated with their services. LF Marketing is owned by the brother and sister-in-law of a non-executive officer of the Company.

During the years ended March 31, 2004 and 2003, the Company paid Consad Corp. \$108,000 and \$622,000, respectively for products and services. The Company's Chief Executive Officer is a former director of Consad Corp. Consad Corp. is a minority owner of MTG. See Note A.

Other related party transactions are disclosed in Notes H, I and M.

## NOTE P – SUBSEQUENT EVENTS

On May 25 2004, WINSIDE Investments (Panama) S.A. subscribed to, and purchased from the Company 3,571,428 restricted shares of its common stock for \$1.40 per shares or \$5,000,000.

Subsequent to the year end the Company reached a settlement agreement with Next Communication, Chalom Arik Meimoun, Engin Yesil, Guvin Kivilcim and George G. Levin under which Next Communication paid the Company \$960,000 in cash and approximately \$155,000 of telecommunication services which would otherwise be owed by the Company to Next. Settlement also resulted in a dismissal with prejudice and with the Company not required to pay any damages or any other amounts to Yesil, Kivilcim and Levin.

On April 30, 2004, the Company entered into an employment agreement with Lou Giordano for an annual base salary of \$240,000. The expiration date of the agreement is April 30, 2005. The employment agreement also provide that in the event of the Company's material breach or termination of the executive's employment during the term of the agreement, without cause, in the event of a change of control (as defined in the agreements) or by the executive, with good cause (as defined in the agreements), the executive shall be entitled to receive as severance pay a lump sum of up to two year's salary. The executive is entitled to a bonus, to the extent determined by the Board of Directors, and to participate in the Company's stock option and other compensatory and benefit plans established for the benefit of employees. The executive has also assigned to the Company all of their rights to inventions created by them during the course of their employment, and the agreements contain one-year restrictive covenants following termination of the agreement, restricting them from competing against the Company or soliciting our employees.

Subsequent to the end of fiscal year 2004 the Company borrowed approximately \$1,279,000 on an overdraft facility with GNB Bank. On May 26, 2004 the outstanding balance under this facility was paid with the proceeds from the sale of shares of the Company's stock.

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## ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 8A. CONTROLS AND PROCEDURES

### (a) *Evaluation of Disclosure Controls and Procedures*

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Within the 90 days prior to the filing of this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon and as of the date of that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported as and when required.

(b) *Changes in Internal Controls*

There were no changes in our internal controls or in other factors, other than described below, that could have significantly affected those controls subsequent to the date of our most recent evaluation.

Grant Thornton LLP, in connection with the audit of the Company's two most recent fiscal years ended March 31, 2004, identified significant deficiencies, that in the aggregate, constitute material weaknesses under standards established by the Public Company Accounting Oversight Board. These matters relate to our processes of identifying related parties and reviewing and approving our CEO's expense report, as further described below:

- During the fourth quarter of Fiscal Year 2004 we recorded a settlement of debt as an extraordinary gain of \$4.4 million. As part of the audit process, the settlement of debt was later reclassified as an adjustment to Additional Paid in Capital. Due to the recent change in control, we were not able to gather the appropriate information on a timely manner that resulted in this reclassification. We have implemented a formalized process which will assist us in identifying and documenting related parties in a timely manner to allow us to properly report related party transactions; and
- During Fiscal Year 2004, our CEO's expense reports were not reviewed and approved by our Board. As a policy, CEO's expense reports are now being reviewed and approved by a board member.

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**PART III**

**ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS :**

**COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT**

The following identifies our executive officers and directors and provides information about them:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Louis Giordano	39	Chairman of the Board of Directors
Dario Echeverry	44	President, Chief Executive Officer and Director
Michael Spritzer	59	Director
Syed Naqvi	39	Chief Financial Officer
James Dilowe Barker	44	Chief Operating Officer
Federico Fuentes	50	Chief Technical Officer

LOUIS GIORDANO has served as a Director since February 2000. In June 2003, he formed MLG Solutions, Inc. to provide advisory services primarily to early stage companies with respect to business development and capital raising activities. From October 2002 until March 2003, he served as Executive Vice President and a Director of EMIDA Technologies, Inc. He served as the Executive Vice President and Chief Financial Officer of New World Network Holdings, Ltd. (New World) from June 2000 to August 2002, after New World received approximately \$400 million in a combination of debt and equity financing to complete its funding of ARCOS-1, a fiber optic submarine cable ring which connects the United States to points in Mexico, Central America, South America and the Caribbean. Before joining New World, Mr. Giordano served in the financial services sector for more than 13 years, primarily in mergers and acquisitions in Latin America. Mr. Giordano served as Director of Latin American Corporate Finance at Barclays Bank PLC from 1997 to 1998, where he managed a group providing debt financing to telecommunications and power companies in Latin America. From 1995 to December 1997, Mr. Giordano was employed at and served on the Board of Directors of Banco de Colombia where he acted as an advisor on international strategy and operations advising the Chairman of the Board of Directors. Mr. Giordano received his B.S. degree in Finance from the University of Virginia.

DARIO ECHEVERRY has served as a Director and our acting Chief Executive Officer since July 2002. He has served as our Chief Executive Officer since November 2002. Mr. Echeverry has 21 years of experience on startups and running companies in different sectors (construction, civil engineer, environmental engineer). In 1995 he became the president of Inmobiliaria Bancol (Banco de Colombia) and also served as a Member of the Board of Directors of Banco de Colombia Trust Corp. Mr. Echeverry received a Bachelors degree in Civil Engineering from Universidad de los Andes in 1983. Mr. Echeverry has also served as President and CEO of Phone1, Inc. since its inception.

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MICHAEL SPRITZER has served on our Board of Directors since February 2000 and currently is the senior partner in charge of the tax department of Berenfeld, Spritzer, Shechter & Sheer, CPA's, located in Miami Florida where he has practiced for the past 31 years. Mr. Spritzer has served as Chairman of the Board of Eagle National Bank of Miami since August 1999 and been a member of its Board of Directors since 1997. Mr. Spritzer is a member of the Board of Overseers of Hebrew Union College-Jewish Institute of Religion, New York, New York and a member of the Board of Directors of the Union of American Hebrew Congregations, New York City, New York. Mr. Spritzer is a member of the Florida Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

SYED A. NAQVI has served as the Controller of Phone1Globalwide since December 2000, and has served as its Chief Financial Officer since May 2001. Mr. Naqvi has experience in operational finance and consulting in various executive/management positions. Before joining Globaltron, from August 1999 to November 2000, he was the executive consultant for Focus Consulting Group providing strategic consulting and business development services to startups, middle market companies, and advising various governments and companies in contract negotiations. From March 1998 to August 1999, Mr. Naqvi was the Chief Financial Officer of Intelesis Group Inc. From February 1997 to February 1998, Mr. Naqvi was the Chief Financial Officer of TelMed Inc. Mr. Naqvi has also held various positions with Columbia-HCA, Inc. and Laboratory Corporation of America Holdings. Mr. Naqvi received his B.A. in Accounting from Florida Atlantic University. He is a Certified Public Accountant and a member of Financial Executives International.

DENNIS WE BARKER has served as the Vice President of Public Communication of Phone1, Inc. since December 2001 and has served as the Chief Operating Officer of Phone1Globalwide, Inc. since November 2002. Mr. Barker has over 13 years experience in the payphone industry. He has expertise in the area of multiple smart technology products that interface with various host and routing platforms ranging from coin sent paid to operator service providers. Mr. Barker assisted in the development of Universal Communications, Inc. beginning in 1990 and participated in its growth from a 3-employee start up with his wife and partners to an over 98-employee enterprise after merging with T.R.I.A.D. Inc. in 1999. Mr. Barker was a consultant to Phone1, Inc from March 2001 to December 2001. From May 1991 to May 2001 he was Director of Operations of TU / Universal.

FEDERICO FUENTES has served as the Chief Technology Officer of Phone1Globalwide, Inc. since January 2003. From 1995 to 2003, Mr. Fuentes was assigned to perform various engineering projects for Multielectronica CYRF, a telecommunications applications support and consulting firm located in Caracas, Venezuela. From June 2000 to January 2003, he provided consulting services to Globaltron Communications Corporation (prior to its merger into our company) and, thereafter, to us, through Multielectronica CYRF. From 1986 to 1995, he served in various capacities, initially as Head of Installation and ultimately as Chief Engineer, of VozDatos CA, a Venezuela-based network installation firm.

Frederic Z. Haller served on our Board of Directors until June 27, 2004, when he resigned to concentrate on his practice as an investment banker and consultant.

There is no family relationship between any of our officers and directors.

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Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers, directors and 10% stockholders to file reports regarding initial ownership and changes in ownership with the SEC. Executive officers, directors, and 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Our information regarding compliance with Section 16 is based solely on a review of the copies of such reports furnished to us by our executive officers, directors and 10% stockholders. These forms include (i) Form 3, which is the Initial Statement of Beneficial Ownership of Securities, (ii) Form 4, which is a Statement of Changes in Beneficial Ownership, and (iii) Form 5, which is an Annual Statement of Changes in Beneficial Ownership.

Based solely upon our review of Forms 3, 4 and 5 filed with us, the following transactions were not reported on a timely basis: On April 17, 2002, Frederic Z. Haller (former member of our Board of Directors) filed Form 4 to disclose his acquisition of 5,000 shares on March 8, 2002 and his acquisition of an option to buy on May 9, 2001. On October 29, 2002, Syed Naqvi filed Form 3 disclosing his initial beneficial ownership by reason of his becoming a reporting person on May 22, 2001. On November 20, 2002, Michael Spritzer filed Form 4 to disclose his acquisition of 1,000 shares on April 25, 2001. On November 20, 2002, Dario Echeverry filed Form 3 disclosing his initial beneficial ownership by reason of his becoming a reporting person on April 16, 2002. On November 21, 2002, Frederick Z. Haller filed Form 4 to disclose his acquisition of an option to buy on March 12, 2002. On December 3, 2002, GNB Bank Panama S.A. filed Form 4 to disclose its acquisition of a convertible promissory note on November 26, 2002. On December 4, 2002, Dilowe Barker filed Form 3 disclosing his initial beneficial ownership by reason of his becoming a reporting person on November 12, 2002. On December 5, 2002, Premium Quality Fund filed Form 4 to disclose its grant of an option to buy on November 27, 2002. On March 12, 2003, GNB Bank Panama, S.A. filed Form 4 to disclose its acquisition of a convertible promissory note on February 17, 2003. On June 18, 2003, Federico Fuentes filed a Form 3 to disclose his initial beneficial ownership by reason of his becoming a reporting person on January 1, 2003.

On March 12, 2003, GNB Bank Panama, S.A. filed Form 4 to disclose its acquisition of a convertible promissory note on February 17, 2003. On June 18, 2003, Federico Fuentes filed a Form 3 to disclose his initial beneficial ownership by reason of his becoming a reporting person on January 1, 2003.

#### Audit committee financial expert

Our Board has determined that Michael Spritzer qualifies as our "audit committee financial expert," as that term is defined in Item 401(e) of Regulation S-B, and "independent" as that term is used in Item 7 (d) (3)(iv) of schedule 14A under the Securities Exchange Act of 1934.

#### Code of ethics

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer and other persons performing similar functions, as well as all of our other employees and directors. This code of ethics is filed as Exhibit [ ] to this report.

### ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth certain summary information for the years indicated concerning the compensation awarded to, earned by, or paid to (i) those persons serving as the Chief Executive Officer during the Fiscal Year 2004 and (ii) our most highly compensated executive officers other than the Chief Executive Officer who served as executive officers Fiscal Year 2004. The persons named in this table shall be collectively referred to as the Named Executive Officers.

#### Summary Compensation Table

Annual Compensation	Long Term Compensation	
	Awards	Payouts

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Awards (\$)	Securities Underlying Options/ SARs (#)	LTIP Payouts (\$)	All Other Compensation (\$)
Dario Echeverry	2004	\$264,423	-0-	-0-	-0-	-0-	-0-	\$14,608 (5)
	2003	\$194,401	-0-	-0-				-0-
Chief Executive Officer (1) Syed Naqvi	2002	\$54,000	-0-	\$74,723	-0-	-0-	-0-	-0-
	2004	\$232,692	-0-	-0-	-0-	-0-	-0-	-0-
	2003	\$195,249	-0-	-0-				
Chief Financial Officer (2) Dilowe Barker	2002	\$146,538	-0-	-0-	-0-	-0-	-0-	-0-
	2004	\$232,692	-0-	-0-	-0-	-0-	-0-	-0-
	2003	\$175,998		-0-				
Chief Operating Officer (3) Federico Fuentes	2002	\$ 51,000	-0-	\$ 65,000	-0-	-0-	-0-	-0-
	2004	\$232,692	-0-	-0-	-0-	-0-	-0-	-0-
	2003	\$27,744	-0-	\$162,824				
Chief Technology Officer (4)	2002		-0-	\$140,298	-0-	-0-	-0-	-0-

Mr. Echeverry became Chief Executive Officer effective on November 13, 2002. From April 16, 2002 until November 13, 2002, he served as Acting Chief Executive Officer and, since June 13, 2001, has also served as the Chief Executive Officer of Phone1, Inc. Other Annual Compensation for the 2002 fiscal year consists of consulting fees paid to Mr. Echeverry or his affiliate prior to his becoming our salaried employee.

2.

Mr. Naqvi has served as Chief Financial Officer since May 22, 2001.

3.

Mr. Barker became Chief Operating Officer on November 13, 2002. Since December 2001, he has also served as Vice President of Public Communications of Phone1, Inc. Other Annual Compensation for the 2002 fiscal year consists of consulting fees paid to Barker or his affiliate prior to his becoming our salaried employee.

4.

Mr. Fuentes became Chief Technology Officer on January 1, 2003. Other Annual Compensation for the 2002 fiscal year consists of consulting fees paid to Mr. Fuentes or his affiliate prior to his becoming our salaried employee.

5.

Consists of automobile allowance.

#### Stock Option Grants in Last Fiscal Year

The following table includes information as to the grant of options to purchase shares of common stock during the Fiscal Year 2004 to each person who was granted options and who is a Named Executive Officer.

## Individual Grants

Name	Number of Securities Underlying Options SAR's Granted	Percent of Total Options/SARs Granted to Employees in Fiscal Year	Exercise Price Base Price (\$sh)	Expiration Date
Dario Echeverry	260,000	100%	\$1.23	5/09/13
Syed Naqvi	200,000	100%	\$1.23	5/09/13
Dilowe Barker	300,000	100%	\$1.23	5/09/13
Federico Fuentes	200,000	100%	\$1.23	5/09/13

## Stock Incentive Plan

We sponsor the Amended and Restated Phone1 Globalwide 2000 Stock Incentive Plan ("Stock Incentive Plan"), which has 4.0 million shares reserved for issuance. Participation in the Stock Incentive Plan is limited to our employees, consultants and directors, and those of our affiliates. The Stock Incentive Plan provides for grants of non-qualified stock options and incentive stock options to purchase shares of common stock and restricted stock. The Stock Incentive Plan provides for equitable adjustment of the number of shares subject to the Stock Incentive Plan, the number of shares of each subsequent award of stock, and the unexercised portion of the stock option award described below in the event of a change in the our capitalization due to a stock split, stock dividend re-capitalization, merger, or similar event.

In April 2002, the Board of Directors amended and restated the Stock Incentive Plan to increase the number of shares of common stock that may be subject to stock options granted to non-employee directors upon their beginning service as a director from 50,000 shares to 150,000 shares and to authorize the grant of stock options to purchase up to a maximum of 75,000 shares in any calendar year. Stock option grants made in connection with a non-employee director's beginning service shall be 50% vested and exercisable on the date of grant and the remainder of the stock option will vest and become exercisable on the first anniversary of the date of grant. Stock option grants made in calendar years other than the calendar year in which a non-employee director begins service shall vest and become exercisable as determined by the Board of Directors. The Board of Directors also amended the Stock Incentive Plan to provide for a "cashless exercise" procedure with respect to all stock options granted under the Stock Incentive Plan if the common stock is quoted on a national market or on the Over the Counter Bulletin Board.

Unless terminated earlier by the Board of Directors, the Stock Incentive Plan will terminate on October 1, 2010.

As of March 31, 2004, options to purchase 2,909,000 shares were outstanding at exercise prices ranging from \$0.95 to \$3.13 and 1,091,000 shares were available for issuance under the Stock Incentive Plan.

## Option Exercises and Year End Values

The following table includes information as to the exercise of options to purchase shares of common stock during the Fiscal Year 2004 by each of our executive officers and the unexercised options held as of the end of the Fiscal Year 2004.

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Name	Shares Acquired On Exercise	Value Realized (\$)	Number of Securities Underlying Unexercised Options/SARs at FY-End Exercisable/Unexercisable	Value of Unexercised In-the-Money Options/SARs at FY-End (\$)
Dario	-0-	-0-	500,000 / -0-	\$176,000 / -0-



Echeverry	-0-	-0-	400,000 / -0-	\$ 58,000 / -0-
Syed A. Naqvi	-0-	-0-	400,000 / -0-	\$104,000/ -0-
Dilowe Barker	-0-	-0-	400,000 / -0-	\$ 92,000 / -0-
Federico Fuentes	-0-	-0-	400,000 / -0-	

During the fiscal year March 31, 2004, options to purchase an aggregate of 960,000 shares of common stock were granted to the Named Executive Officers.

### Compensation of Directors

Under the Stock Incentive Plan, each non-employee director may receive an option to purchase up to a maximum of 150,000 shares of common stock as of the date the non-employee director begins serving in that capacity. Additionally, each non-employee director may also receive an option to purchase up to a maximum of an additional 75,000 shares of common stock in a calendar year. The exercise price for each option is the fair market value of the common stock at the time of grant. During the Fiscal Year 2004, each of our three non-employee directors was awarded an option to purchase 50,000 shares of common stock.

### Employment Agreements

We have entered into executive employment agreements with Dario Echeverry, our Chief Executive Officer, Syed Naqvi, our Chief Financial Officer, Dilowe Barker, our Chief Operating Officer and Federico Fuentes, our Chief Technical Officer. Mr. Echeverry receives a base salary of \$250,000 per year and Messrs. Naqvi, Barker and Fuentes each receives a base salary of \$220,000 per year. The agreements with Messrs. Echeverry and Naqvi are for three year initial terms, terminating April 1, 2005. The agreement with Mr. Barker is for a three year initial term ending December 31, 2005. The agreement with Mr. Fuentes is for an initial term of two years ending December 31, 2004. The agreements provide that the executives are entitled to bonuses to the extent determined by our Board of Directors, and to participate in employee benefit programs, including our stock option plan.

Each agreement provides for automatic one year renewal terms, unless a party provides notice of termination at least 90 days prior to the end of the initial or any renewal term. Each agreement contains usual and customary grounds for termination by us, and may be terminated by the executive for good reason. In the event we terminate the agreement without cause, the executive terminates the agreement for good reason, or in the event we experience a change in control (as defined in the agreement), we must pay the executive a lump sum in an amount of up to two years' salary at his then current rate. Each agreement also contains confidentiality provisions, designed to protect confidential information imparted to the executive during the course of his employment. The executive also assigns all of his rights to inventions created by the executive during the course of his employment. Each agreement also contains a one-year restrictive covenant following termination of the agreement, restricting the executive from competing against us or soliciting our employees.

### ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of June 15, 2004, the shares of common stock owned beneficially by (i) each of our Executive officers, (ii) each of our current Directors, (iii) all Executive Officers and Directors as a group, (iv) each person known by us to be the beneficial owner of more than five percent of our common stock. Beneficial Ownership is a technical term broadly defined by the Securities and Exchange Commission to mean more than ownership in the usual sense. For example, you beneficially own common stock not only if you hold it directly, but also if you hold indirectly (through a relationship, a position as a director or trustee, or a contract or understanding), have (or share the power to vote the stock, or sell it) the right to acquire it within 60 days. Except as disclosed in the footnotes below, each of the Executive Officers, Directors and Nominees for Directors listed have sole voting and investment power over his or its shares. As of June 15, 2004, there were 144,778,423 shares of common stock issued and outstanding and approximately 55 holders of record.

Name of Beneficial Owner	Title	Amount of Shares	Percent of Class
Lo Giordano	Chairman of the Board of Directors and Director	235,000(1)	*
Dario Echeverry	President, Chief Executive Officer and Director	500,000(2)	*
Michael Spritzer	Director	251,000(1)	*
Frederic Z. Haller	Director(3)	285,000(1)	*
Syed Naqvi	Chief Financial Officer	400,000(2)	*
Dilowe Barker	Chief Operating Officer	441,000(4)	*
Federico Fuentes	Chief Technology Officer	400,000(2)	*
Officers and Directors as a group (7 persons)		2,512,000(1)(2)(4)	1.7%
Hispanic Telecommunication Holding S.A. (5)		99,414,661	68.7%
Premium Quality Fund (6)		17,394,775	12.0%
Whitmer Ltd. (7)		9,576,000	6.61%

\* Less than 1%.

1. Includes options to purchase 225,000 shares of common stock.

2.  
Consists entirely of options to purchase shares of common stock.

3.  
Mr Haller resigned on June 27, 2004

Includes options to purchase 400,000 shares of common stock. 41,000 shares are owned of record by the spouse of Mr. Barker. Mr. Barker disclaims beneficial ownership of the shares owned by his spouse.

5.  
Their address is 9 Rue Schiller, Luxembourg, L-251 Luxembourg.

6.  
Their address is c/o Maples & Calder, P.O. Box 309, Grand Cayman, Cayman Islands, British West Indies. Information has been obtained from Schedule 13D/A filed by Premium Quality Fund on December 6, 2002 and Form 4 filed June 17, 2003.

7.  
Their address is c/o Aleman, Cordero, Galindo & Lee Trust (Panama) S.A., 2<sup>nd</sup> Floor, Swiss Bank Building, East 53<sup>rd</sup> Street, Marbella, P.O. Box 6-1040, El Dorado, Panama City, Panama. Information has been obtained from Schedule 13D filed May 15, 2001.

## ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Since June 2001, we have purchased branded handsets and certain equipment from TU, LLC a privately-held company based in Ohio. In March 2001, Dilowe Barker, then an employee of TU began providing consulting services to Phone1. Thereafter, Mr. Barker became a full-time employee of Phone1 and, now serves as our Chief Operating Officer. The spouse of Mr. Barker is a vice-president of TU and owns less than 5% of the outstanding equity in TU. For the Fiscal Year 2004 and Fiscal Year 2004, we paid \$1.3 and \$1.2, respectively, for product purchased from TU.

On July 15, 2002, we entered into an agreement with EMIDA Technologies, Inc. for \$775,000. Under the agreement EMIDA will provide

services to coordinate the integration of certain export application software, data warehouse system telecommunication mapping software and EMIDA's Telco Operating Support Portal to us. Louis Giordano, our Chairman of the Board, served as Executive Vice President and a director of EMIDA from October 2002 until March 2003. For each of the years ended March 31, 2004 and 2003, we paid EMIDA \$393,800 and \$290,700, respectively, under the agreement.

Mr. [REDACTED] Spritzer, a member of our Board is also the Chairman of the Board of Eagle National Bank of Miami, a financial institution the Company does business with. As of March 31, 2004, the Company has \$370,268 of cash with Eagle National Bank of Miami. See "Item 6. Managements Discussion and Analysis or Plan of Operations. Indebtedness. Financial debt."

MLG Solutions Inc ("MLG"), a company controlled by Louis Giordano, Chairman of our Board, provided consultation services to an affiliate of Eagle National Bank of Miami during the last four months of Fiscal Year 2004 and was compensated at market rate for those services.

During Fiscal Year 2004 and Fiscal Year 2003, we paid \$263,000 and \$318,000, respectively to LF Marketing for services rendered in connection with our street marketing campaign. As independent contractor, LF Marketing was responsible for the payment of costs and expenses associated with their services. LF Marketing is owned by the brother and sister-in-law of one of our non-executive officer.

During Fiscal Year 2004 and Fiscal Year 2003, we paid \$108,000 and \$622,000 respectively, to Consad Corp. for billing and consulting services. Consad Corp. is a minority owner of MTG, our joint venture partner in Phone1Smart. Our Chief Executive Officer is a former director of Consad Corp.

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### ITEM 13. EXHIBITS, LIST AND REPORTS ON FORM 8-K

(a) Exhibits

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits.

The following documents are filed as a part of this report or are incorporated by reference to previous filings, if so indicated:

- 2.1.2 Stock Purchase Agreement between Win-Gate Equity Group, Inc. and the Shareholders of Globaltron Communications Corporation dated January 21, 2000. (1)
- 2.2.1 Certificate of Merger between Phone1Globalwide, Inc., a Florida corporation and Phone1Globalwide Inc., a Delaware corporation. (8)
- 2.2.2 Articles of Merger between Phone1Globalwide, Inc., a Florida corporation and Phone1Globalwide Inc., a Delaware corporation. (8)
- 2.3 Plan and Agreement of Merger between Phone1Globalwide, Inc., a Florida corporation and Phone1Globalwide Inc., a Delaware corporation. (8)
- 3.1.1 Articles of Incorporation of Win-Gate Equity Group, Inc. (2)
- 3.1.2 Articles of Amendment to the Articles of Incorporation. (5)
- 3.1.3 Certificate of Designation for the Series A 8% Convertible Preferred Stock. (9)
- 3.1.4 Certificate of Incorporation of Phone1Globalwide, Inc. (8)
- 3.2.1 By-Laws of Win-Gate Equity Group, Inc. (2)
- 3.2.2 Bylaws of Phone1Globalwide, Inc. (8)
- 4.1 Specimen common stock Certificate. (2)
- 10.1.1 Win-Gate Equity Group, Inc. 1996 Stock Option Plan. (2)

- 10.1.2 Globaltron Corporation's 2000 Stock Incentive Plan. (4)\*
- 10.1.3 Amendment Number One to Globaltron Corporation 2000 Stock Incentive Plan. (7)\*
- 10.1.4 Amended and Restated Phone1Globalwide, Inc. 2000 Stock Incentive Plan. (12)\*
- 10.1.5 Amendment to Phone1Globalwide, Inc. 2000 Stock Incentive Plan. (12)\*
- 10.1.6 Schedule A to the Minutes of the Board of Directors. (12)\*
- 10.2 Pledge and Security Agreement dated May 15, 2001 between Globaltron Corporation and the shareholders of Phone1, Inc. (6)
- 10.3 Loan Agreement dated October 31, 2001 among Phone1, Inc., Phone1Globalwide Inc. and GNB Bank (Panama) S.A. (8)
- 10.4 Service and License Agreement dated April 4, 2002 by and between Globaltron Communications Corporation and Verestar, Inc. (12)
- 10.5 Equipment Vendor Settlement Agreement between Globaltron Communications Corporation and New Skies Satellites N.V. (12)

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- 10.6 Limited liability Company Agreement dated November 16, 2001 of Phone1 Smart LLC between Phone1 Inc. and MTG Interconnection LC. (10)
- 10.7 Overdraft Loan Facility dated March 27, 2002 between GNB Bank (Panama) S.A. and Phone1, Inc., together with promissory note in the amount of \$2,000,000. (12)
- 10.8 Amendment to Overdraft Loan Facility dated April 29, 2002 between GNB Bank (Panama) S.A. and Phone1, Inc., together with promissory note in the amount of \$1,200,000. (12)
- 10.9 Amendment to Overdraft Loan Facility dated May 30, 2002 between GNB Bank (Panama) S.A. and Phone1, Inc., together with promissory note in the amount of \$380,000. (12)
- 10.10 Amendment to Overdraft Loan Facility dated June 20, 2002 between GNB Bank (Panama) S.A. and Phone1, Inc., together with promissory notes in the amounts of \$400,000 and \$600,000. (12)
- 10.11 License Agreement dated June 21, 2002 between QuorTech and Phone1. (12)
- 10.12 Promissory Note dated May 8, 2001 in the amount of \$1,250,000. (12)
- 10.13 Promissory Note dated June 6, 2001 in the amount of \$1,200,000. (12)
- 10.14 Promissory Note dated July 16, 2001 in the amount of \$2,000,000 (12)
- 10.15 Loan agreement dated September 28, 2001 by and between Phone1, Inc. and Eagle National Bank of Miami. (12)
- 10.16 Intentionally omitted.
- 10.17 Loan Agreement dated March 29, 2002 by and between Phone1, Inc. and Eagle National Bank of Miami. (12)
- 10.18 Loan agreement dated April 29, 2002 by and between Phone1, Inc. and Eagle National Bank of Miami. (12)
- 10.19 Loan Agreement dated May 30, 2002 by and between Phone1, Inc. and Eagle National Bank of Miami. (12)
- 10.20 Amendment to Overdraft Loan Facility dated as of July 8, 2002 by and between Phone1, Inc. and GNB Bank (Panama) S.A., increasing the Overdraft Facility to \$6,000,000. (3)(11)
- 10.21 Amendment to Overdraft Loan Facility dated as of July 16, 2002 by and between Phone1, Inc. and GNB Bank (Panama) S.A., increasing an Overdraft Facility to \$9,000,000. (3)(11)
- 10.22 Agreement dated as of July 28, 2002 by and between Phone1, Inc. and Telesector Resource Group, Inc. for 1+ International Sent Paid Service. (3)(11)
- 10.23 Reseller Agreement dated as of January 14, 2002, as amended June 25, 2002, by and between Phone1, Inc. and Sprint. (3)(11)
- 10.24 Phone1 Independent Agent Agreement dated as of July 1, 2002, by and between Phone1, Inc. and Qwest Interpsie America. (3)(11)
- 10.25 Exclusive Reseller Agreement dated July 24, 2001 by and between Protel, Inc. and Phone1, Inc. (3)(11)
- 10.26 Loan Agreement dated September 30, 2002, among Phone1, Inc., Phone1 Globalwide, Inc., Globaltron Communications Corporation and GNB Bank Panama S.A. (13)
- 10.27 Security Agreement dated September 30, 2002, among Phone1, Inc., Phone1Globalwide, Inc., Globaltron Communications Corporation and GNB Bank Panama S.A. (13)
- 10.28 Promissory Note dated September 30, 2002, in the original principal amount of \$20 million issued to GNB Bank Panama, S.A. (13)
- 10.29 Agreement dated October 15, 2002 between Phone1, Inc. and Via One Telecommunications, Inc. (14)

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- 10.30 Loan Agreement dated November 26, 2002, among Phone1, Inc., Phone1Globalwide, Inc., Globaltron Communications Corporation and GNB Bank Panama S.A. (15)
- 10.31 Security Agreement dated November 26, 2002, among Phone1, Inc., Phone1Globalwide, Inc., Globaltron Communications Corporation and GNB Bank Panama S.A. (15)
- 10.32 Promissory Note in the original principal amount of \$5 million issued to GNB Bank Panama, S.A. (15)
- 10.33 Letter dated November 27, 2002, from GNB Bank Panama S.A. notifying Phone1, Inc. that it is not accelerating the maturity date of the \$20 Million Loan. (15)
- 10.34 Sent Paid Services Agreement From SBC Payphones dated December 10, 2002, among Phone1, Inc. and SBC Services, Inc. (11)(16)
- 10.35 Conversion Notice dated December 19, 2002 by GNB Bank Panama S.A. to Phone1, Inc., Phone1Globalwide, Inc. and Globaltron Communications Corporation. (17)
- 10.36 Promissory Note in the principal amount of \$10 million issued to GNB Bank Panama S.A. which replaces the original Promissory Note issued to GNB Bank Panama S.A. pursuant to the Loan Agreement dated September 30, 2002 among Phone1, Inc., Phone1Globalwide, Inc., Globaltron Communications Corporation and GNB Bank Panama S.A. (17)
- 10.37 Employment Agreement dated November 21, 2002, between Phone1Globalwide, Inc. and Syed Naqvi, as amended effective January 1, 2003. (18)\*
- 10.38 Employment Agreement dated December 4, 2002, between Phone1Globalwide, Inc. and Dario Echeverry, as amended effective January 1, 2003. (18)\*
- 10.39 Employment Agreement dated March 17, 2003, between Phone1Globalwide, Inc. and Dilowe Barker. (21) \*
- 10.40 Employment Agreement dated as of January 1, 2003, between Phone1Globalwide, Inc. and Federico Fuentes. (21) \*
- 10.41 Consulting Agreement dated March 10, 2003 between Phone1Globalwide, Inc. and Stockholder Associates Corporation. (21)
- 10.42 Software License Agreement dated February 13, 2003 between PhoenixSoft, Inc. and Phone1, Inc. (21)
- 10.43 Support Agreement dated February 13, 2003 between PhoenixSoft, Inc. and Phone1, Inc. (21)
- 10.44 Amendment No. One dated April 1, 2003 to Sent Paid Services Agreement From SBC Payphones dated December 10, 2002, among Phone1, Inc. and SBC Services, Inc. (11)(19)
- 10.45 Loan Agreement dated February 17, 2003, among Phone1, Inc., Phone1Globalwide, Inc., Globaltron Communications Corporation and GNB Bank Panama S.A. (20)
- 10.46 Security Agreement dated February 17, 2003, among Phone1, Inc., Phone1Globalwide, Inc., Globaltron Communications Corporation and GNB Bank Panama S.A. (20)
- 10.47 Promissory Note in the original principal amount of \$5 million issued to GNB Bank Panama S.A. (20)
- 10.48 Confirmation dated February 17, 2003, that GNB Bank is exercising its option under the September 30, 2002 Loan Agreement to loan Phone1, Inc. \$5 million. (20)
- 10.49 Letter dated March 10, 2003, from GNB Bank Panama S.A. notifying Phone1, Inc. that it is not accelerating the maturity date of the November 26, 2002 \$5 Million Loan. (21)
- 10.50 Letter dated April 30, 2003, from GNB Bank Panama S.A. notifying Phone1, Inc. that it is extending the date to which it may accelerate the maturity date of the February 17, 2003 \$5 Million Loan. (21)
- 10.51 Letter dated May 11, 2003, from GNB Bank Panama S.A. extending the date by which we are required to file a registration statement. (21)
- 10.52 Letter dated February 20, 2003, between Phone1, Inc. and Via One Technologies, Inc., terminating Agreement dated October 15, 2002. (21)
- 10.53 Consulting Agreement dated April 15, 2002 between Phone1, Inc. and APC Development Inc. and Weaver Jordan. (21)

- 10.54 Letter dated July 16, 2003, from GNB Bank Panama S.A. notifying Phone1, Inc. that it is extending to August 31, 2003 the date to which it may accelerate the maturity date of the February 17, 2003 \$5 Million Loan. (22)
- 10.55 Letter dated July 16, 2003, from GNB Bank Panama S.A. extending to August 31, 2003 the date by which we are required to file a registration statement. (22)
- 10.56 Regulation S Subscription Agreement, dated September 30, 2003, by and between the Registrant and Hispanic Telecommunications Holding, S.A.(23)
- 10.57 Conversion Notice sent by Hispanic Telecommunications Holding, S.A. to Phone1Globalwide, Inc., Phone1, Inc. and Globaltron Communications Corporation relating to the note issued on September 30, 2002, as amended on December 20, 2002. (23)
- 10.58 Conversion Notice sent by Hispanic Telecommunications Holding, S.A. to Phone1Globalwide, Inc., Phone1, Inc. and Globaltron Communications Corporation relating to the note issued on November 26, 2002. (23)
- 10.59 Conversion Notice sent by Hispanic Telecommunications Holding, S.A. to Phone1Globalwide, Inc., Phone1, Inc. and Globaltron Communications Corporation relating to the note issued on February 17, 2003. (23)
- 10.60 Letter from GNB Bank Panama S.A. extending to November 30, 2003 the date by which we are required to file a registration

statement.(23)

- 10.61 Overdraft Loan Facility dated December 26, 2003 between GNB bank (Panama) S.A. and Phone1, Inc., together with promissory note in the amount of \$3,000,000.\*\*
- 10.62 Employment Agreement dated \_\_, 2004, between Phone1 Globalwide, Inc. and Louis Giordano.\*\*
- 31.1 CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*\*
- 31.2 CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*\*
- 32 CEO and CFO Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\*\*

\* Management Contract or Compensatory Plan.

\*\* Filed herewith.

(1) Filed as an exhibit to our Current Report on Form 8-K (File No. 333-05188-A), as filed with the Securities and Exchange Commission on January 31, 2000.

(2) Filed as an exhibit to our Registration Statement on Form SB-2 (File No. 333- 5188-A), as filed with and declared effective by the Commission on October 10, 1997.

(3) Filed as an exhibit to our Quarterly Report on Form 10-QSB (File No. 333- 5188-A), as filed with the Commission on August 14, 2002.

(4) Filed as an exhibit to our Definitive Information Statement on Form 14C (File No. 333-05188-A), as filed with the Securities and Exchange Commission on October 16, 2000.

(5) Filed as an exhibit to our Quarterly Report on Form 10-QSB (File No. 333-05188-A), as filed with the Securities and Exchange Commission on February 20, 2001.

(6) Filed as an exhibit to our Current Report on Form 8-K (File No. 333-05188-A), as filed with the Securities and Exchange Commission on May 15, 2001, as amended on May 22, 2001.

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(7) Filed as an exhibit to our Current Report on Form 8-K (File No. 333-05188-A).

(8) Filed as an exhibit to our Quarterly Report on Form 10-QSB (File No. 333-05188-A), as filed with the Securities and Exchange Commission on November 14, 2001.

(9) Filed as an exhibit to our Annual Report on Form 10-KSB (File No. 333-05188-A), as filed with the Securities and Exchange Commission on June 29, 2001.

(10) Filed as an exhibit to our Quarterly Report on Form 10-QSB (File No. 333-05188-A), as filed with the Securities and Exchange Commission on February 13, 2002.

(11) Confidential portions of this exhibit have been omitted and filed separately with the Commission pursuant to a request for confidential treatment.

(12) Filed as an exhibit to our Annual Report on Form 10-KSB (File No. 333-05188-A) as filed with the Securities and Exchange Commission on July 1, 2002.

(13) Filed as an exhibit to our Current Report on Form 8-K (File No. 333-05188-A), as filed with the Securities and Exchange Commission on October 11, 2002.

(14) Filed as an exhibit to our Quarterly Report on Form 10-QSB (File No. 333-05188-A), as filed with the Securities and Exchange Commission on October 11, 2002.

(15) Filed as an exhibit to our Current Report on Form 8-K (File No. 333-05188-A), as filed with the Securities and Exchange Commission filed on December 11, 2002.

(16) Filed as an exhibit to our Current Report on Form 8-K (File No. 333-05188-A), as filed with the Securities and Exchange Commission filed on December 17, 2002.

(17) Filed as an exhibit to our Current Report on Form 8-K (File No. 333-05188-A), as filed with the Securities and Exchange Commission filed on December 24, 2002.

(18) Filed as an exhibit to our Quarterly Report on Form 10-QSB (File No. 333-05188-A), as filed with the Securities and Exchange Commission on February 12, 2003.

(19) Filed as an exhibit to our Current Report on Form 8-K (File No. 333-05188-A), as filed with the Securities and Exchange Commission filed on April 15, 2003.

(20) Filed as an exhibit to our Current Report on Form 8-K (File No. 333-05188-A), as filed with the Securities and Exchange Commission filed on March 3, 2003.

(21) Filed as an exhibit to our Quarterly Report on Form 10-KSB (File No. 333-05188-A), as filed with the Securities and Exchange Commission on June 30, 2003.

(22) Filed as an exhibit to our Quarterly Report on Form 10-QSB (File No. 333-05188-A), as filed with the Securities and Exchange Commission on August 14, 2003.

(23) Filed as an exhibit to our Current Report on Form 8-K (File No. 333-05188-A), as filed with the Securities and Exchange Commission filed on October 14, 2003.

(b) Reports on Form 8-K.

(i) On October 14, 2003, we filed a Current Report on Form 8-K to report the change in control pursuant to which Hispanic Telecommunications Holding S.A., a Luxembourg company, became our major shareholder, holding approximately 70% of our outstanding common stock as of September 30, 2003.

#### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

##### Fees to Grant Thornton LLP

The following table shows the fees that we paid for the audit and other services provided by Grant Thornton LLP for Fiscal Years 2004 and Fiscal Year 2003.

		Fiscal Year 2004	Fiscal Year 2003
Audit Fees	\$	128,546 \$	137,281
Audit-Related Fees		8,549	22,935
Tax Fees		100,564	59,095
All Other Fees		-0-	-0-
Total	\$	237,659 \$	219,311

#### *Audit Fees*

This category includes the audit of our annual financial statements, review of financial statements included in our Form 10-QSB Quarterly Reports and services that are normally provided by the independent auditors in connection with engagements for those fiscal years. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements.

#### *Audit-Related Fees*

This category consists of assurance and related services by the independent auditors that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under "Audit Fees." The services for the fees disclosed under this category include consultation regarding our correspondence with the SEC and other accounting consulting.

#### *Tax Fees*

This category consists of professional services rendered by Grant Thornton LLP for tax compliance and tax advice. The services for the fees disclosed under this category include tax return preparation and technical tax advice.

#### *All Other Fees*

This category consists of fees for other miscellaneous items.

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### SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PHONE1GLOBALWIDE, INC.

By: /s/ Dario Echeverry  
Dario Echeverry, President, Chief  
(Principal) Executive Officer



<u>/s/ Louis Giordano</u> Louis Giordano	Chairman of the Board	June 29, 2004
<u>/s/ Dario Echeverry</u> Dario Echeverry	President, Chief (Principal) Executive Officer and Director	June 29, 2004
<u>/s/ Syed Naqvi</u> Syed Naqvi	Chief (Principal) Financial Officer	June 29, 2004
<u>/s/ Dilowe Barker</u> Dilowe Barker	Chief Operating Officer	June 29, 2004
<u>/s/ Federico Fuentes</u> Federico Fuentes	Chief Technology Officer	June 29, 2004
<u>/s/ Michael Spritzer</u> Michael Spritzer	Director	June 29, 2004

Exhibit 10.62

### EXECUTIVE EMPLOYMENT AGREEMENT

THE EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") dated April 30, 2004, by and between PHONE1GLOBALWIDE, INC., a Delaware corporation with an address at 100 North Biscayne Blvd., Suite 2500, Miami, Florida 33132 (the "Company"), and Louis Giordano with an address at 739 Crandon Blvd, Unit PH2, Key Biscayne FL 33149 (the "Executive"). The Company and the Executive are sometime individually referred to as a "Party" and collectively as the "Parties".

#### WITNESSETH:

WHEREAS, the Company is in the business of providing pay phone telecommunications services to domestic and international markets (the "Business") and the Company desires to induce the Executive to enter into the employment of the Company for the period provided in this Agreement in accordance with the terms and conditions set forth below; and

WHEREAS, the Company and the Executive intend for the Executive to utilize his professional experience to assist the Company to implement its financial and commercial business plan; and

WHEREAS, the Executive wishes to be engaged and employed by the Company and the Company wishes to engage and employ the Executive, on the terms provided herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, the parties hereto agree as follows:

1. Recitals. The above recitals are true, correct and incorporated herein by reference.

2. Employment.

a. Engagement of the Executive. The Company agrees to employ the Executive and the Executive accepts employment as Executive Director, Corporate Development of the Company.

b. Employment Period. The Company shall employ the Executive and the Executive shall be employed by the Company, on the terms and conditions hereinafter set forth, for a period commencing as of April 30, 2004 (the "Effective Date") and ending on the first anniversary of the Effective Date. Subject to the provisions of Section 4 of this Agreement, the period of employment shall be automatically extended for successive one-year terms of employment, unless either the Company or the Executive notifies the other in writing at least forty five (45) days prior to the end of the then current term that it or he does not intend to renew such employment, in which case such employment will expire at

the end of the then current term. All references herein to the "Employment Period" shall refer to both the initial term and any such successive renewal term.

c. **Duties and Powers.** During the Employment Period, the Executive will serve in the capacity described above and will have such responsibilities, duties and authorities and will render such services of an executive and administrative character reasonably consistent with his title. [REDACTED] shall be reasonably directed by the Board of Directors of the Company (the "Board"), all in accordance with the terms and conditions of this Agreement and the strategic plans and operating and capital budgets of the Company as developed and approved by the Board. The Executive shall devote the Executive's best efforts, energies and abilities and the Executive's full business time, skill and attention to the business and affairs of the Company and such of its affiliates as are specified by the Board. The Executive shall perform the duties and carry out the responsibilities assigned to the Executive to the best of the Executive's ability, in a diligent, trustworthy, businesslike and efficient manner for the purpose of advancing the business of the Company and its affiliates and shall adhere to any and all of the employment policies of the Company. The Company acknowledges that the Executive currently serves as a member of the Board of Directors of companies other than that of the Company, provided that those companies do not compete in the Business with the Company. The Executive agrees that during any given month, such activities will not consume more than two business days. Nothing in this Section 2 shall be deemed to prohibit the Executive from making Permitted Investments (as defined in Section 6.b. below) or attending to such charitable and/or civic activities as are deemed appropriate by the Executive; provided that such activities shall not detract from the Executive's duties and obligations under this Agreement. The Executive shall report to the Board and will work with any and all Company senior executives on an "as needed basis," as deemed appropriate by the Executive, with respect to activities of a strategic nature, such as corporate development projects, capital raising, and certain business development initiatives.

3. **Compensation and Benefits.** As consideration for the services to be provided by the Executive, the Company shall pay to the Executive, and the Executive agrees to accept for all such services, compensation as follows:

a. **Base Salary.** Commencing on the date hereof and continuing through the balance of the Employment Term, the Company shall pay to the Executive base compensation (the "Salary") at the rate of two hundred and forty thousand dollars (\$240,000) per year. The Salary, and all other compensation payable hereunder, shall be paid in accordance with the Company's normal payroll policies, and shall be subject to all applicable withholding taxes and any other amounts required by law to be withheld. The Executive shall be entitled to yearly increases in Salary, from time-to-time, as determined by the Board, equivalent in percentage to the percentage increase in salary provided to the Company's Chief Executive Officer and/or Chief Operating Officer, whichever is greater. The Executive shall also be entitled to receive such other salary increases as may be determined by the Board.

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b. **Grant of Options.** The Company shall grant to the Executive, as of April 30, 2004 (the "Options Date"), non-qualified stock options ("Options") to purchase up to 1,200,000 shares of Company common stock, par value \$.001 ("Common Stock") at an exercise price per share equal to the closing price of the shares of common stock of the Company on the Options Date pursuant to the Company 2000 Stock Incentive Plan ("Plan"). The Company has provided the Executive with a copy of the Plan and the Executive acknowledges that the Executive has reviewed the Plan, is familiar with the terms and conditions of the Plan and has had the opportunity to ask questions about the Plan. The Options shall vest on the Options Date and the exercise period for the Options granted pursuant to this Section 3 b. shall be for a period of five (5) years from the date of grant, which is the Option Date. If (but without any obligation to do so) the Company proposes to register any of its stock or other securities under the Securities Act of 1933, as amended (except with respect to the filing of a registration statement on Form S-4 or similar form) in connection with the public offering of such securities solely for cash, the Company shall, at such time, promptly give to the Executive written notice of such registration. Upon the written request of the Executive given within thirty (30) days after mailing of such notice by the Company in accordance with Section 16 hereof, the Company shall, subject to the underwriting requirements, use its best efforts to cause to be registered under the Securities Act of 1933, as amended all of the Options that the Executive has requested to be registered. The Company shall have no obligation to make any offering of its securities, or to complete an offering of its securities that it proposes to make.

c. **Bonus.** The Executive may receive a bonus, if so determined by the Board in its sole discretion. The payment of a bonus in any instance shall not constitute an entitlement to a bonus on any other occasion.

d. **Equity Participation Programs.** The Executive shall be eligible to participate in such option and/or equity participation programs as may be implemented for employees of the Company. Such eligibility shall not constitute an entitlement to a particular award under any such program, nor shall an award on one occasion constitute an entitlement to an award on any other occasion. Notwithstanding the foregoing, the Executive shall be entitled to receive options in an amount at least equal to the number of options granted to the Company's Chief Executive Officer or Chief Operating Officer, whichever is greater.

e. **Benefit Programs.** The Executive will be immediately eligible to participate on substantially the same basis as provided to all of the Company's most highly paid executive officers, as a group, in any life, health, hospitalization, or disability insurance policy or program maintained by the Company, and any 401(k), profit sharing, retirement, or other fringe benefit program maintained by the Company for such officers, in each case in accordance with the terms of such policies, plans and programs.

f. **Vacation.** During the Employment Period, the Company will provide the Executive four (4) weeks vacation per year (prorated for periods of less than a full year); provided that all vacation must be used within the calendar year in which the vacation accrues or it is forfeited.

g. Business Expenses. During the Employment Period, the Company will reimburse the Executive in accordance with Company policy for the Executive's normal out-of-pocket expenses incurred in the course of performing the Executive's duties hereunder. The Executive shall provide the Company with all receipts and documentation supporting such expenses as may reasonably be requested by the Company.

#### 4. Termination by the Company.

a. Right to Terminate. In addition to the termination rights of the Company set forth in Section 2, the Company has the right to terminate the Employment Period (and, consequently, the Executive's employment under this Agreement), by notice to the Executive in writing at any time, (i) for "Cause", or (ii) without Cause for any or no reason, subject to the provisions of Section

5. Any such termination shall be effective upon the date specified in such notice or, if no date is specified, on the date such notice is deemed served pursuant to Section 16 below.

b. Cause Defined. "Cause" as used herein means the occurrence of any of the following events:

(i) the willful failure or gross negligence of the Executive to perform the Executive's duties or comply with reasonable directions of the Board consistent with the Executive's title and duties that continues unremedied for a period of thirty

(30) business days after the Company, by resolution of its Board, has given written notice to the Executive specifying in reasonable detail the Executive's failure to perform such duties or comply with such directions;

(ii) the Executive's conviction of (A) a felony, (B) criminal dishonesty or (C) any crime involving moral turpitude;

(iii) [the occurrence of any event applicable to the Executive and set forth in Item 401(d)(1) through (4) or Item 401(f) of Regulation S-K, if then applicable to the Company of Regulation S-B, or other rule of similar applicability promulgated by the Securities and Exchange Commission;

(iv) a material breach by the Executive of any of the provisions of Section 6 or 7 of this Agreement; or

(v) a material breach by the Executive of any of the terms or conditions of this Agreement (other than with respect to any provisions of Sections 6 or 7 of this Agreement) that continues unremedied for a period of thirty (30) business days after the Company, by resolution of its Board, has given written notice to the Executive specifying in reasonable detail the Executive's breach of this Agreement.

#### 4

c. Death and Disability. Except as otherwise provided herein, this Agreement and the obligations of the Company hereunder will terminate upon the death or, at the Company's option, the disability of the Executive. For purposes of this Section 4.c., "disability" shall mean that for a period of ninety (90) consecutive days or four (4) months in any 12-month period the Executive fails to substantially fulfill the duties set forth in Section 2 or hereafter assigned to him because of physical, mental or emotional incapacity resulting from injury, sickness or disease, as determined by an independent physician (whose independence shall not be negated by reason of the payment of a reasonable fee for his or her services) selected by the Company.

#### 5. Compensation Following Termination.

a. If the Employment Period or this Agreement is terminated (i) by the Company for Cause, (ii) pursuant to the provisions of Section 2, then the Company shall have no further obligations hereunder or otherwise with respect to the Executive's employment from and after the effective date of termination (except payment of the Salary, bonus if any, and benefits described in Section 3 herein, in each case which have accrued through the effective date of termination or expiration), and the Company shall continue to have all other rights available, and Executive shall continue to have all obligations hereunder, including without limitation, all rights under any provisions of Sections 6 and 7 at law or in equity.

b. If the Employment Period or this Agreement is terminated by the Company due to the disability of the Executive, as defined in Section 4.c., the Executive shall be entitled to receive all Salary and other compensation earned but unpaid through the date of termination, plus such amount(s), if any, as may be payable to the Executive pursuant to any disability insurance maintained by the Company.

c. If the Employment Period or this Agreement is terminated by the Company due to the death of the Executive, the Executive's estate shall be entitled to receive all Salary and other compensation earned but unpaid through the date of termination.

d. Provided that the Executive continues to comply with each of the provisions of Sections 6 and 7 of this Agreement during all the applicable periods, if the Employment Period is terminated by the (i) Company without Cause as described in Section 4.a.(ii) hereof or (ii) the Executive for "Good Reason", as hereinafter defined the Executive shall be entitled to receive as severance pay the greater of (i) the Executive's Salary hereunder for the period of time which would have been remaining in the initial Employment Period or any renewal period, as the case may be, or (ii) six months' Salary, in each case payable in one lump sum within 30 days following termination.

e. For purposes hereof, "Good Reason" means the material reduction in, or the assignment of duties to the Executive which would be materially inconsistent with, the Executive's responsibilities, duties and authorities described in Section 2.c. (other than as a result of the Executive's failure to perform the Executive's duties and responsibilities in accordance with this Agreement), which continues unremedied for a period of

twenty (20) business days after the Executive has given written notice to the Company specifying in reasonable detail the relevant acts or omissions. It is expressly understood and agreed that unless the Executive provides the written notice described in the immediately preceding sentence within twenty (20) business days after the Executive knows or has reason to know of the occurrence of any act or omission of the type described in this Section 5.e., the Executive shall be deemed to have consented thereto and such particular act or omission shall no longer constitute or be capable of constituting Good Reason for purposes of this Agreement.

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f. Provided that the Executive continues to comply with each of the provisions of Sections 6 and 7 of this Agreement during all the applicable periods, if before the first anniversary of the date of this Agreement the Company elects not to renew the employment of the Executive, the Executive shall be entitled to receive as severance pay six months' Salary, payable in one lump sum within 30 days following termination.

g. Provided that the Executive continues to comply with each of the provisions of Sections 6 and 7 of this Agreement during all the applicable periods, if the Employment Period is terminated by the Executive or otherwise upon a Change of Control (as hereinafter defined) of the Company, the Executive shall be entitled to receive from the Company as severance an amount equal to the greater of (i) the Executive's Salary for the period of time which would have been remaining in the initial Employment Period or any renewal period, as the case may be, or (ii) six months' Salary, in each case payable in one lump sum within 30 days following termination.

h. For purposes of the preceding subsection, a "Change in Control" shall mean the occurrence of one or more of the following events:

(i) a change in identity of a majority of members of the Company's Board from those individuals constituting the Board on the date set forth in the Preamble to this Agreement (without including the Executive for purposes of this calculation);

(ii) the acquisition of fifty (50) percent or more of the outstanding voting securities of the Company, where the acquirer(s) own(s) beneficially less than fifteen (15) percent of the outstanding voting securities of the Company as of the date set forth in the Preamble to this Agreement;

(iii) the sale of all or substantially all of the Company's assets, including sale of more than 50% of the stock or all or substantially all of the assets of Phone1, Inc., or Globaltron Communication Corporation, the Company's technology or Phone1 brand name other than in a "form over substance" reorganization;

(iv) a merger, share exchange or similar business combination where the Company is not the surviving entity to such combination, other than in a "form over substance" reorganization.

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For purposes hereof, a Change in Control shall be deemed to have occurred on the effective date of the event described in (i) through (iv) of this subsection g.

Provided that the Executive continues to comply with each of the provisions of Sections 6 and 7 of this Agreement during all the applicable periods, if the Employment Period is terminated in connection with a Change in Control, as defined in Section 5.g., after which the Company is not the surviving entity, then the Company shall provide the Executive with not less than 30 days prior written notice of the effective date of the event and, at the option of the Executive (and in addition to any rights the Executive may have hereunder) (i) the Executive may sell the option to the Company at a price equal to the fair market value (net of the exercise price of the option) of the underlying shares of common stock as of the trading day immediately prior to the effective date of the event, or (ii) the Executive may elect to have the options treated in the manner that all other outstanding options are treated under the agreement governing the subject event.

## 6. Restrictive Covenants.

a. The Executive's Acknowledgment. The Executive agrees and acknowledges that in order to assure that the Company and its affiliates will retain their respective value and that of the business of the Company and each of its affiliates, it is necessary that Executive undertake not to utilize the special knowledge of the Business the Executive has acquired or may acquire and the relationships with their customers, suppliers and employees to compete with the Company and its affiliates. The Executive further acknowledges that:

(i) the Executive is one of a limited number of persons who will develop the business of the Company and its affiliates;

(ii) the Executive will occupy a position of trust and confidence with the Company and its affiliates during the Executive's employment under this Agreement, the Executive has and will continue to become familiar with the proprietary and confidential information of the Company and its affiliates;

(iii) the agreements and covenants contained in this Section 6 are essential to protect the Company, its affiliates and the goodwill of the Business and are an express condition precedent to the willingness of the Company to sign this Agreement;

(iv) the Company and its affiliates would be irreparably damaged if the Executive were to provide services to any person or entity in violation of the provisions of this Agreement;

(v) the Company operates its Business on an international basis and the Company would be irreparably damaged if the Executive were to

provide services in the Business any where in the world;

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(vi) the scope and duration of the provisions of this Section 6, and of Section 7 are reasonably designed to protect a protectable interest of the Company and its affiliates and are not excessive in light of the circumstances; and

(vii) the Executive has a means to support the Executive and the Executive's dependents, if any, other than engaging in the activities prohibited by this Section 6.

b. Non-Compete. The Executive hereby agrees that during the Term of this Agreement, except on behalf of the Company and its affiliates in accordance with this Agreement, the Executive shall not, directly or indirectly, as employee, agent, consultant, stockholder, director, partner or in any other individual or representative capacity, own, operate, manage, control, engage in, invest in or participate in any manner in, act as a consultant or advisor to, render services for (alone or in association with any person, firm, corporation or entity), or otherwise assist any person or entity that engages in or owns, invests in, operates, manages or controls any venture or enterprise that directly or indirectly engages or proposes to engage in the Business anywhere in which the Company operates (collectively the "Territory"); provided however, that nothing contained herein shall be construed to prevent the Executive from

(i) investing in stock or other securities of any public or private enterprise provided that such investment does not require active participation by the Executive and such enterprise does not engage in any activity competitive with the business now or hereafter conducted by the Company ("Permitted Investments"), or (ii) attending to such charitable and/or civic activities as are deemed appropriate by the Executive; provided that such activities shall not detract from the Executive's duties and obligations under this Agreement.

c. Non-Solicitation. Without limiting the generality of the provisions of Section 6.b. above, the Executive hereby agrees that for a period of six months after the Termination Date, except on behalf of the Company and its affiliates in accordance with this Agreement, the Executive will not, directly or indirectly, as employee, agent, consultant, principal or otherwise, (A) solicit any Business from or in any way transact or seek to transact any Business with or otherwise seek to influence or alter the relationship between the Company or any of its affiliates with any person or entity to whom the Company or any of its affiliates provided Business related services (I) at any time during the one year period preceding the Termination Date or (II) if there has been no Termination Date, at any time during the Employment Period or (B) solicit for employment or other services or otherwise seek to influence or alter the relationship between the Company or any of its affiliates of any person who is or was an employee of the Company or any of its affiliates (I) at any time during the one year period preceding the Termination Date or (II) if there has been no Termination Date, at any time during the Employment Period.

d. Blue-Pencil. If any court of competent jurisdiction shall at any time deem the term of this Agreement or any particular Restrictive Covenant too lengthy or the Territory too extensive, the other provisions of this Section 6 shall nevertheless stand, the period of restriction shall be deemed to be the longest period permissible by law under the circumstances and the Territory shall be deemed to comprise the largest territory permissible by law under the circumstances. The court in each case shall reduce the period of restriction and/or Territory to permissible duration or size.

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## 7. Treatment and Ownership of Confidential Information.

a. Confidentiality. The parties hereto acknowledge that the Executive shall or may be making use of, acquiring and adding to Confidential Information (as that term is defined in subparagraph (b) below). The Executive covenants and agrees that during the Employment Period and at all times thereafter he shall not, except with the prior written consent of the Company, or except if he is acting during the Employment Period solely for the benefit of the Company or any of the affiliates in connection with the Company's or any of the affiliates' business and in accordance with the Company's business practices and policies, at any time, disclose, divulge, report, transfer or use, for any purposes whatsoever, any such Confidential Information, including Confidential Information obtained, used, acquired or added by, or disclosed to, the Executive prior to the date of this Agreement, provided that such Confidential Information has not subsequently entered the public domain. The Executive further acknowledges that the Confidential Information constitutes valuable, special and unique assets of the Company.

b. Confidential Information Defined. For purposes of this Agreement, the term "Confidential Information" shall mean all of the following materials and information which the Executive receives, conceives or develops or has received, conceived or developed, in whole or in part, in connection with the Executive's affiliation with the Company. Excluded from Confidential Information is any previously confidential information which has subsequently become public information.:

(i) The contents of any manuals or other written materials of the Company or any of its affiliates;

(ii) The names of actual or prospective clients, customers, suppliers, or persons, firms, lenders, or persons, firms, corporations, or other entities with whom the Executive may have or has had contact on behalf of the Company or any of its affiliates or to whom any other employee of the Company or any of its affiliates has provided goods or services at any time;

(iii) The terms of various agreements between the Company or any of its affiliates, and any third parties;

(iv) The contents of actual or prospective customer or client records, which customer and client lists and records shall not only mean one or more of the names and addresses of the customers of the Company or any of its affiliates, but shall also encompass any and all information

whatsoever regarding them;

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(v) Any data or database, or other information compiled by the Company or any of its affiliates, including, but without limitation, information concerning the Company or any of its affiliates, or any business in which the Company or any of its affiliates is engaged or contemplates becoming engaged, any company which the Company or any of its affiliates engages in business, any customer, prospective customer, or other person, firm or corporation to whom or which the Company or any of its affiliates has provided goods or services or to whom or which any employee of the Company or any of its affiliates has provided goods or services on behalf of the Company or any of its affiliates, or any compilation, analysis, evaluation or report concerning or deriving from any data or database, or any other information;

(vi) All policies, procedures, strategies and techniques regarding training, marketing and sales, either oral or written, and assorted lists containing information pertaining to lenders, customers and/or prospective customers; and

(vii) Any other information, data, training methods, formulae, know-how, show-how, source code, subject code, copyright, trademarks, patents or knowledge of a confidential or proprietary nature observed, received, conceived or developed by the Executive in connection with the Executive's affiliation with the Company.

c. Exclusions. Excluded from the Confidential Information and therefore not subject to the provisions of this Agreement shall be any information which

(i) is or becomes generally available to the public through no breach or fault of the Executive; provided that this exception shall apply only from and after the date the information became generally available to the public, and (ii) the Executive can establish was in the Executive's possession at the time of disclosure and was not previously acquired directly or indirectly from the Company, provided that this exception shall apply only from and after the date that the information is disclosed to the Executive by a third party or was in the Executive's possession. Specific Confidential Information shall not be deemed to be within the foregoing exceptions merely because it is embraced by, or contained or referenced in, more general information in the public domain. Additionally, any combination of features shall not be deemed to be within the foregoing exceptions merely because individual features are in the public domain.

d. Ownership. The Executive covenants and agrees that all right, title and interest in any Confidential Information shall be and shall remain the exclusive property of the Company and its affiliates, as the case may be. The Executive covenants that the Executive has disclosed to the Company all Confidential Information developed in whole or in part by the Executive within the scope of this Agreement and has assigned or will assign to the Company any right, title or interest the Executive may have in such Confidential Information. The Executive covenants that the Executive has turned over to the Company all physical manifestations of the Confidential Information in his possession or under his control. The Executive agrees to promptly disclose to the Company all Confidential Information hereafter developed in whole or in part by the Executive within the scope of this Agreement and to assign to the Company or any of the affiliates, as the Company determines in its sole discretion, any right, title or interest the Executive may have in such Confidential Information.

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8. Effect of Termination. If this Agreement or the Employment Period expires or is terminated for any reason, then, notwithstanding such termination, those provisions contained in Sections 6 and 7 hereof shall remain in full force and effect.

9. Remedies. The Executive acknowledges and agrees that the covenants set forth in Section 6 and 7 of this Agreement are reasonable and necessary for the protection of the business interests of the Company and its affiliates, that irreparable injury will result to the Company and its affiliates if the Executive breaches any of the terms of Sections 6 or 7, and that in the event of the Executive's actual or threatened breach of any provisions of Section 6 or 7, the Company and its affiliates will have no adequate remedy at law. The Executive accordingly agrees that in the event of any actual or threatened breach by the Executive of any of the provisions of Section 6 or 7, the Company and its affiliates shall be entitled to seek injunctive relief, specific performance and other equitable relief, without bond and without the necessity of showing actual monetary damages, subject to hearing as soon thereafter as possible. Nothing contained herein shall be construed as prohibiting the Company and its affiliates from pursuing any other remedies available to them for such breach or threatened breach, including but not limited to the recovery of damages.

10. Indemnification. The Company hereby indemnifies and holds the Executive harmless, to the fullest extent permitted by applicable law, from and against all suits, actions, claims, actions, proceedings, costs and expenses, including reasonable attorneys' fees, arising out of the Executive's performance of his duties to the Company. In addition, the Executive shall be entitled to enter into such Indemnification Agreements as the Company enters into with members of its Board, and to receive benefits, to the extent reasonably available, no less favorable with respect to indemnification than the benefits provided to such Board members.

11. The Executive's Representations and Warranties.

a. The Executive represents and warrants to the Company that:

(i) he has not been subject to any litigation or administrative proceedings, and

(ii) he is free of known physical and mental disabilities that would, with or without reasonable accommodations create an undue hardship for the Company or any of its affiliates, impair his performance hereunder and he is fully empowered to enter and perform his obligations under

this Agreement;

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(iii) he is under no restrictive covenants to any person or entity that will be violated by his entering into and performing this Agreement; and

(iv) is not the subject of any event described in Item 401(d)(1) through (4) of Regulation S-B or Item 401(f) of Regulation S-K, if then applicable to the Company, promulgated by the Securities and Exchange Commission.

b. The Executive shall indemnify the Company on demand for and against any and all judgments, losses, claims, damages, expenses and costs (including without limitation all legal fees and costs, even if incident to appeals) incurred or suffered by the Company as a result of any breach by the Executive of any of these representations and warranties.

12. Binding Effect. Except as herein otherwise provided, this Agreement shall inure to the benefit of and shall be binding upon the parties hereto, their personal representatives, heirs successors and assigns.

13. Severability. If any provision of any of the Agreements is invalid, illegal or unenforceable under any applicable statute or rule of law, it is to that extent to be deemed omitted. The remainder of the Agreement containing the invalid, illegal or unenforceable provision will be valid and enforceable to the maximum extent possible.

14. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Florida, without giving effect to any conflict of law principles.

15. Entire Agreement. This Agreement contains the entire understanding between the parties and this Agreement may not be changed or modified except by an Agreement in writing signed by all the parties hereto.

16. Notice. All notices under the Agreements are to be delivered by (i) depositing the notice in the mail, using registered mail, return receipt requested, addressed to the address set forth in the Agreements for the party or to any other address as the party may designate by providing notice, (ii) facsimile transmission by using the facsimile number set forth in the Agreements for the party or any other facsimile number as the party may designate by providing notice, (iii) overnight delivery service addressed to the address set forth in the Agreements for the party or to any other address as the party may designate by providing notice, or (iv) hand delivery to the individual designated in the relevant Agreement or to any other individual as the party may designate by providing notice. The notice will be deemed delivered (i) if by registered mail, four days after the notice's deposit in the mail, (ii) if by telecopy, on the date the notice is delivered, (iii) if by overnight delivery service, on the day of delivery, and (iv) if by hand delivery, on the date of hand delivery. The addresses for such communications shall be as follows:

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**If to the Executive:**

739 Crandon Blvd, Unit PH2,  
Key Biscayne FL 33149

Telephone:

**Telefax:**

**If to the Company:**

Phone1Globalwide, Inc.

100 N. Biscayne Boulevard

Suite 2500

Miami, Florida 33132

Attn: Dario Echeverry, President Telephone: (305) 371-3300 Telefax: (305) 371-4686

Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

17. Venue. The Parties acknowledge that a substantial portion of negotiations and anticipated performance and execution of this Agreement occurred or shall occur in the City and County of Miami Dade, Florida, and that, therefore, each of the Parties irrevocably and unconditionally:

(i) agrees that any suit, action or legal proceeding arising out of or relating to this Agreement may be brought in the courts of record of the State of Florida in the City of Miami and County of Miami-Dade or the court of the Southern United States of Florida, Southern Division;

(ii) consents to the jurisdiction of each such court in any suit, action or proceeding;

(iii) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts; and

(iv) agrees that service of any court paper may be effected on such Party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules in said state.

18. Prevailing Parties. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any provision of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees, sales and use taxes, court costs and all expenses even if not taxable as court costs (including, without limitation, all such fees, taxes, costs and expenses incident to arbitration, appellate, bankruptcy and post-judgment proceedings), incurred in that action or proceeding, in addition to any other relief to which such party or parties may be entitled.

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19. Expenses. Each party shall bear their own respective expenses incurred in connection with this Agreement and with all obligations required to be performed by each of them under this Agreement.

THE EXECUTIVE ACKNOWLEDGES THAT THE EXECUTIVE HAS READ THIS AGREEMENT, UNDERSTANDS EACH OF ITS TERMS AND CONDITIONS INCLUDING ANY TAX OR OTHER CONSEQUENCES, AND HAS THE OPPORTUNITY TO CONSULT INDEPENDENT LEGAL COUNSEL OF THE EXECUTIVE'S CHOICE PRIOR TO EXECUTING THIS AGREEMENT.

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IN WITNESS WHEREOF, this Agreement has been duly signed by the Executive and on behalf of the Company as of the day and year first above written.

**THE COMPANY:**

**PHONE1GLOBALWIDE, INC.**

By: \_\_\_\_\_

Dario Echeverry  
Chief Executive Officer

**THE EXECUTIVE:**

**CERTIFICATE OF CHIEF EXECUTIVE OFFICER**

I, Dario Echeverry, Chief Executive Officer of Phone1Globalwide, Inc. ("Registrant"), certify that:

1. I have reviewed this annual report on Form 10-KSB of Phone1Globalwide, Inc. ("Registrant");
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report; and
4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record,



process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The Registrant's other certifying officers and I have indicated in this annual report whether or not there are significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June \_\_, 2004

/s/ Dario Echeverry

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Name: Dario Echeverry

Title: Chief Executive Officer

### CERTIFICATE OF CHIEF FINANCIAL OFFICER

I, Syed Naqvi, Chief Financial Officer of Phone1Globalwide, Inc. ("Registrant"), certify that:

1. I have reviewed this annual report on Form 10-KSB of Phone1Globalwide, Inc. ("Registrant");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report; and

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The Registrant's other certifying officers and I have indicated in this annual report whether or not there are significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June \_\_, 2004

/s/ Syed Naqvi

Name: Syed Naqvi  
Title: Chief Financial Officer

**End of Filing**